

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

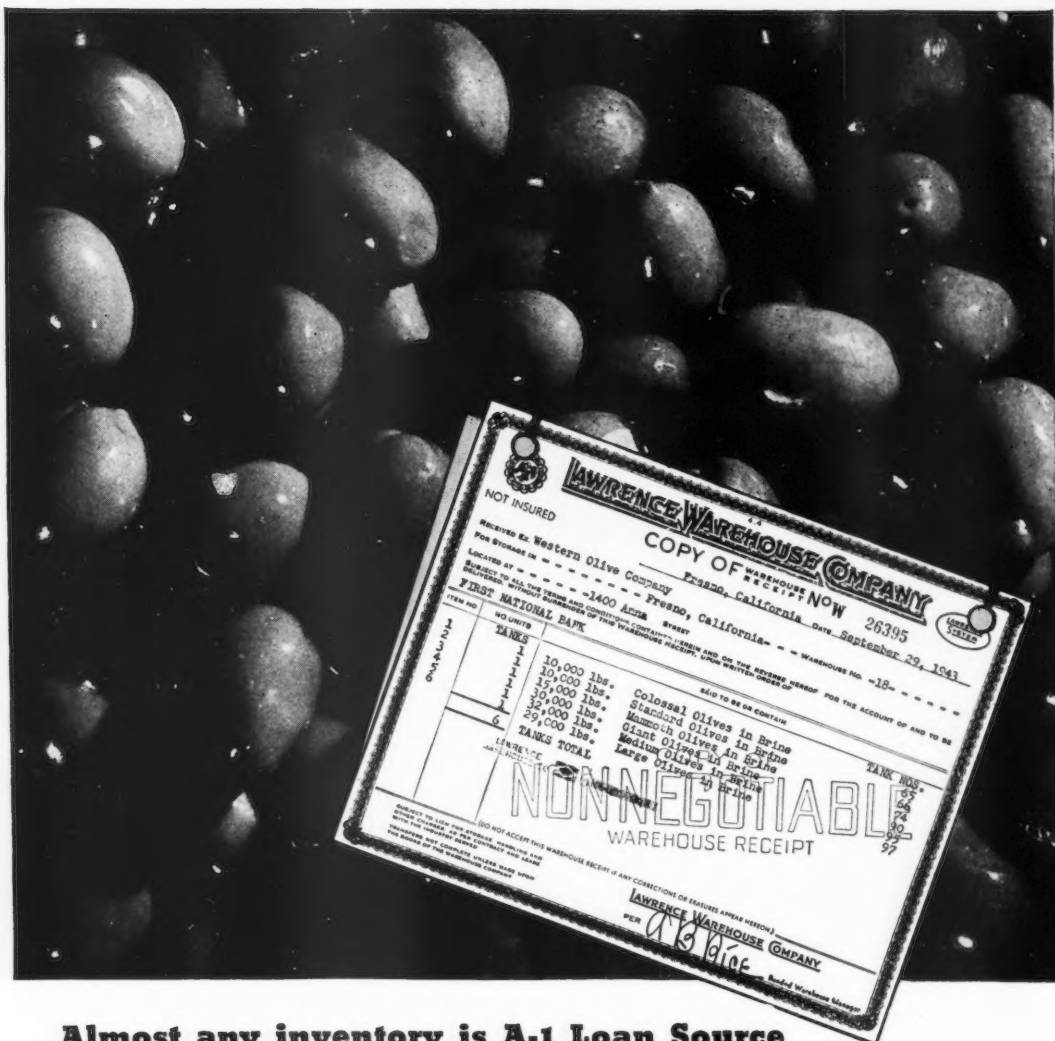


One Bank's
Post-War Home
Building Club

PAGE 21



Olives or oil...



Almost any inventory is A-1 Loan Source

A recent Wall Street Journal article said: "Field warehousing... today is helping to solve financing problems for thousands of American businessmen, hard-pressed for working capital as a result of the tremendous increase in inventories * * *".

Has your bank recently checked over balance sheets to discover whether any of your customers are in need of an inventory loan? An inventory loan planned the Lawrence System way is flexible, sound and easily negotiated.

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Just a Minute



Banks at War

AS YOU may have noticed, BANKING is now using pictures on its cover.

Being a careful observer, you've also noticed that each photograph has shown banks at some form of war work.

This time the picture is the lobby of the First National Bank of Paterson, New Jersey, where pay checks are being cashed for a big war plant's workers.

In December—well, it's the Christmas month and . . .

But why tell you in advance?

Post-War Home Builders

THE Home Ownership Savings Club, organized by the Peoples Bank of Cumberland, Maryland, had its first meeting the other night. BANKING was there listening.

The Club, formed by Cashier HAROLD FLETCHER, is for post-war home builders. It will hold meetings once a month. Its speakers will be representatives of nationally-known building material and equipment manufacturers who'll bring to the Cumberlanders the latest news about that much-discussed item of Americana, the post-war home.

The members prepare for their new homes by saving money each month, preferably in the form of War Bonds. There are membership cards, scrap-books for booklets provided by the manufacturers, officers elected from the membership, educational movies, and other attractions.

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BANKING

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November 1943]

Phoney

Money!



★ BACK THE ATTACK — BUY WAR BONDS

Invasion Currency is the polite name for the "money" reproduced here by special permission of the United States Secret Service. These three bills were circulated by the Nips in 1942 in one of the countries overrun by Japan's armed forces. » Actually, this money is as phoney as Ambassador Nomura's protestations of friendship to Secretary of State Cordell Hull on the morning of December 7th, 1941. » It is counterfeit—in the worst sense of the word. That "promise to pay" is backed by a loaded gun. Such money is *worthless*—of course. And its purpose is vicious—for it was circulated in an effort to disrupt the economic structure

of the country and demoralize its people by shaking their faith in their currency. » Forged or altered checks are also troublemakers and saboteurs. They hamper the progress of our war effort and tend to destroy confidence in a medium of exchange which is the very life-blood of trade and commerce. » Thousands of America's leading Banks and Business Houses are well armed against this hazard. They protect themselves and those they deal with by having their checks lithographed or printed on La Monte Safety Paper—the paper that says "NO!" to the forger and counterfeiter.

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JUST A MINUTE—Continued

War saving, Mr. FLETCHER believes, challenges American banks to provide sound post-war investments. And what better outlet for matured War Bond funds can one have than payments on a home?

The story of the Club is on page 21.

Bankers Awake!

THIS is the story of a South Sea Island, the United States Navy and a Coincidence.

Several weeks ago BANKING noticed a little piece in the paper about a bank and a banker tucked away on Tutuila Island, American Samoa. The bank was The Bank of American Samoa, the banker LEO G. TITUS, on leave as assistant cashier of the American Trust Company of San Francisco, to serve at this outpost of banking in the South Seas.

Well, the news item whetted our appetite for facts, so we wrote to JAMES K. LOCHHEAD, president of the American Trust Company. Mr. LOCHHEAD told us that Mr. TITUS was manager of the Bank of American Samoa, which is operated by the Government of American Samoa, which in turn is under the jurisdiction of the Navy.

"For a number of years," he continued, "it has been our privilege to supply the civilian officer for the bank. This is the assignment which Mr. Titus

'is filling at the present time. He is on leave of absence while fulfilling his contract in Samoa."

That was interesting, so we wrote two more letters—one to the Navy, one to Mr. TITUS.

Hardly had the letter to Mr. TITUS been typed when the young lady who distributes the editorial mail laid on the desk a long envelope. The postmark was "Pago Pago, Samoa," the return address "Bank of American Samoa," Inside was this note:

In your June issue I read with much interest the story of the Bank at Kodiak ("Banking Up Kiska Way," by Harvey G. Brown—Ed.). By way of contrast I thought you might be interested in the bank here, so I submit the enclosed little sketch of the Bank of American Samoa.

And sure enough, there it was—just the article we had asked him for. Our letter to him was promptly rewritten into a note of thanks.

At the risk of being anti-climactic, we must add that the same mail brought the article from the Navy describing its financial operations!

So everything worked out very well indeed, as you'll find on pages 36-37.

"Returned to Sender"

EARLY last Summer BANKING mailed a letter to Lieutenant JAMES R. HOEL, formerly of the Harris Trust and Sav-
(CONTINUED ON PAGE 5)

"Chain of Command in the Navy" is the title of this cartoon in the Citizens Chronicle, published by the staff of the Citizens National Trust and Savings Bank, Los Angeles. The drawing, by Seaman 2/c Floyd Hill, formerly of the bank, shows the progress of a calling-down from (1) Commander to Lt. Sr. G.; (2) to Ensign; (3) to CPO; (4) to seaman, who can't pass it on



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Old as agriculture, I also am as young as radar. In new varieties like Thatcher I rout that ancient scourge, stem rust. With Tenmarq and Nebred I bring bigger yields, better quality, and at the same time meet half-way the marvel of combine harvesting. I have been so abundant . . . and I can be still more abundant . . . that I give the people all the bread they can eat, help my Cousin Corn to make meat, milk and eggs, and still spare some of myself for fermenting into industrial alcohol needed for making the smokeless powder which fires machine guns and army rifles.

Between the onset of the first world war and the beginning of this one, my production per man-hour has increased four-fold. In the time it took a farmer to grow and harvest wheat for one loaf of bread with the equipment that prevailed a quarter-century ago, his tractor-powered implements and combine now enable him to produce wheat for four loaves. That's the big reason, Mr. Banker, why I who was the critical crop then am able now to help in factory and feedlot.

★ ★ ★

In time of national emergency and food shortage, bankers render a real service to their country and their customers by fostering and financing advanced practices in food production. Where better seed and more fertilizer *add* to yields *per acre*, modern power and machines *multiply* the human food and livestock feed produced *per man-hour*, now the crucial factor in the food program. Case dealers will cooperate with you in finding proper places for food production loans. J. I. Case Co., Racine, Wis.



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"I hired him to answer my kid's questions so I can watch the game in peace"

ings Bank, Chicago, who was then stationed at a Tampa airfield.

Four months later the letter came back. Its much-marked envelope was dramatic evidence of how war's fortunes had treated Lieutenant HOEL.

First the letter had been forwarded to him overseas—"change of address due to Official Orders," reads the red rubber stamp.

When it finally caught up with his outfit, a bomber squadron, Lieutenant HOEL was listed as "missing in action" and that notation was duly written, in ink, on the envelope by the squadron's adjutant under date of July 6. The familiar blue hand with pointing finger "Returned to Sender" was affixed beside our address, and the letter was ready for another journey.

But before reaching us, late in September, it received another stamping. This one, on the reverse side, was applied by the War Department, Adjutant General's Office, and it read, "Status changed to: Prisoner of War, 21 Sept. 43."

Lieutenant HOEL is a member of Chicago Chapter, American Institute of Banking.

Wanted: Good American Bank Clerks

THERE have been many nights and afternoons in the past few months which have yielded interesting conversation," writes Seaman First Class CHRISTOPHER STUMS, formerly of the Philadelphia National Bank, from the Navy island outpost where he is now stationed.

"This has been brought about," he explains, "by the manager as well as the accountant of the local branch of the Royal Bank of Canada, both of whom have been most hospitable.

"It has been interesting to see how

THE CHECKS YOU BUY and give away

... never make you any money. They increase your cost of doing business. BUT the checks you SELL imprinted with a customer's name cost you NOTHING.

What, for example, do you pay in the course of a year for large size over-the-counter checks—and for which you receive nothing in return? Certainly everyone who uses a business size check should have his name printed on it.

Those Newport and Compact style check books—so popular in the East—they too are costly, when they are given away. But when they're imprinted you can recover your full cost.

Imprinted checks—whether Personalized pocket check style or business style three-on-a-page, are easier for you to handle, the customers prefer them and you save all the cost.

Anything as personal as a checking account—and checks are the personal currency of the individual—should be truly personalized. All customers don't know that imprinted checks are available or how inexpensive they are.

Why not tell them? Show them your De Luxe Catalog. And if you would like a supply of statement enclosures to make your message stronger, write us and we'll be happy to send whatever you can use.



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someone else operates a bank under conditions which might be termed adverse. The main complaint of both men is that there are no employees to be had with initiative, brains, or anything even approaching normal intelligence. They both long for good American bank clerks."

May we say that Seaman First Class SIMMS added a word for BANKING, to wit:

"It should bring news of interest not only to myself but to others here who are part of the great group of bank men now in service."

Santa Claus Goes Overseas

Now that we've mailed the Christmas gifts to the boys overseas we're wondering, naturally, whether and when the packages will arrive. Here's what the OWI has to say on the subject:

"Due to the efficiency of the Army Post Office, only one out of a hundred Christmas parcels mailed on time last year failed to arrive. Christmas parcels may be delayed for a number of reasons. Packages may have to be repacked and rewrapped, at centers set up for this purpose; they may have to wait on convoys, or be held up at various points because the addressee has changed stations.

"When Christmas parcels are mailed during the September 15 to October 15 periods, the Army Post Office sorts them out according to the distances to be travelled. Last year parcels to India—about a 100-day journey—were given priority on convoys, while those to London left last. From the hold of a ship packages may then travel in mail trucks under enemy attack, by native runners hauling the mail on their backs through jungle, or in the Far North by dog team."

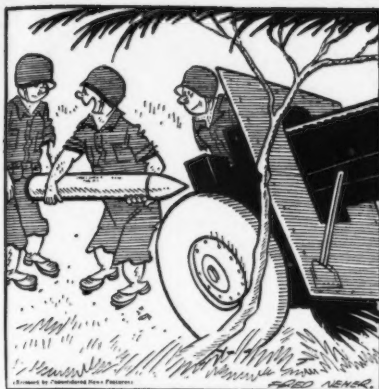
And Christmas packages don't have to wait. The chances of a soldier's change of station, reminds the OWI, are too great to risk non-delivery.

"Within a combat zone, mail moves with Class 1 supplies, ranking with food and medicine. If food and supplies are delivered to some isolated unit only

Here's a reminder of 25 years ago November 11. The scene is Paris



BROWN BROTHERS
BANKING



"Here goes 20 per cent of somebody's wages!"

two or three times a week, the mail goes forward daily anyway. (Commanding officers have often reported that the men are at peak pitch after a mail call.) When troops are in combat the mail is delivered personally each night by the mail clerk in charge. In Sicily men were getting their mail on the beachheads right after they had landed."

Christmas Works Both Ways

MEANWHILE, the Office of War Information tells us, the boys have been doing their Christmas shopping and shipping, too.

"The Army Exchange Service makes it possible for soldiers overseas to order gifts for those at home. Most post exchanges have on hand a catalogue of Christmas gift suggestions which include flower corsages and bouquets, perfumes, toilet sets, manicure sets, dolls, toy dishes, stuffed toy animals, and candy."

The soldier had to order his gift by code number before October 1. All orders were then wired to the United States.

So Christmas—as usual—works both ways!

Local Business

IN BANKING's mail the other morning was a letter in firm longhand from an 86-year-old bank director. He had a few pointed comments to make on why small banks should make better use of their correspondent services, particularly with reference to investments.

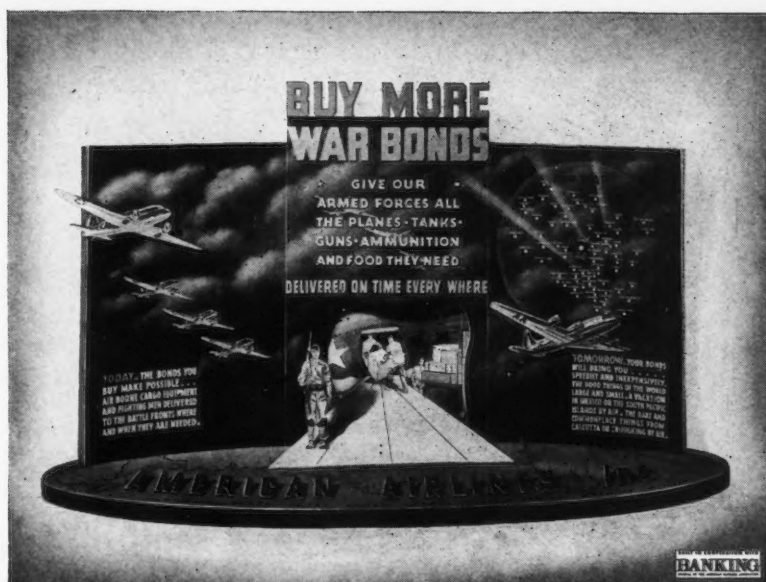
He also included this very timely bit of wisdom about the banks getting back into the risk business, a question discussed so ably by Dr. CADMAN in the October issue:

"Our local business is largely with farmers and small business, in a radius of about 20 miles. This has been our real

★ LAST CALL! ★

Hundreds of banks have already reserved this

FREE WAR BOND DISPLAY



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It contains American's famous "Air Map," shows transport planes as they look on war missions overseas and provides interesting information, not only about the wartime air transport accomplishments made possible by War Bond purchases, but also about some of the postwar air-benefits that Bond buyers will enjoy.

As a patriotic service, American Airlines will send you this display free of charge. The only requirement is that you pay a nominal express charge and after 7 days send the display to another prearranged bank nearby.

Please act now to get this display. Write or send coupon below to American Airlines.

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100 East 42 Street
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Gentlemen: We would like to receive your free War Bond Display for banks. We agree to pay charges for shipment to our bank.

Bank Name.....

Address.....

City..... State.....

By..... Title.....

Size of Display: Height 33" Width 58" Depth 16"

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blood line. However, this section has about caught up, loans are being reduced, and we have more funds than we know what to do with. We are trying to get back some RFC loans of fairly good amounts that we lost some time ago at lower interest. All banks will have a hard time to show profits, unless they take greater risks."

Picture Story

ON page 29 of our September issue we used an unusual photograph. Three U.S. Marines were singing from hymn books at religious services on a trans-Pacific transport.

LAWRENCE M. ARNOLD, chairman of the Seattle-First National Bank, Seattle, Washington, thought the young man at the left looked like his son but wasn't sure. Mr. Arnold wondered whether we could send him a print.

The Harris & Ewing agency, which had supplied us with the original, kindly provided a copy for Mr. ARNOLD.

"Both Mrs. Arnold and I, as well as a number of our friends," he wrote back, "are quite sure that it is a photograph of our son Lawrence who left on a transport during July . . . We believe he is now seeing some very active duty . . ."

September Cover

ON STATIONERY of the U. S. Army Air Forces at Boca Raton Field, Florida, came this letter, with one of our September covers enclosed:

"This soldier picture appears on the front page of your September issue. I am at the extreme right.

"Is it possible to have a copy forwarded to my home address? . . .

Yours truly,
S/Sgt. Chas. J. Saldis"

It was.

JOHN L. COOLEY

Speaking (again) of that September cover, here's Editor Kuhns, left, of BANKING receiving the citation it won in the "Women in Necessary Civilian Employment" competition. The other man is Monroe Wheeler of the Museum of Modern Art, New York. Miss Dorothy Ducas, chief of the magazine bureau of OWI, is there, too



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Rio Grande Western

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BANKING



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Phone Number

Location and Description of Property for Rate Purposes

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HARTFORD, CONNECTICUT

THE OUTLOOK FROM WASHINGTON

HERBERT BRATTER

Washington, D. C.

Advice from the FDIC

THE question of government competition with commercial banks is in the last analysis up to the banks themselves, according to the FDIC. In its annual report for 1942, recently published, FDIC bluntly tells the banks:

If bankers wish to preserve their system of banking they must have enough capital to enable them to finance, with reasonable safety, business enterprise so as to make unnecessary the creation of governmental financing agencies. Bankers must be in a position to bear successfully the reasonable risks of such financing without imposing an undue burden of risk upon the Government. To the extent that such risks are not borne by banks but are shifted to the Federal Deposit Insurance Corporation and to other governmental agencies, increased supervision, regulation, and control by the Government become necessary, and continuation of a privately-owned banking system becomes increasingly difficult. The prospect for survival of our present banking system, therefore, depends largely upon the intelligent and resourceful leadership of the bankers themselves in providing sufficient capital and managerial skill to enable the banks to bear the risks of credit extension in a manner which will justify the maintenance of our private banking system.

The report points out that the recent rapid growth in bank deposits and in bank assets without a corresponding growth in capital has resulted in substantial reductions in the ratio of bank capital to liabilities and to assets. "The lowering of the ratios, coupled with recognition of obvious differences of degree of risk in different types of assets has led to rationalization of the capital position of banks in terms of 'risk' assets. The doctrine has been widely advocated that 'riskless' assets should be disregarded in determining adequacy of capital, and that capital should be related only to 'risk' assets.

"To the extent that assets are readily convertible into cash without risk of loss, of course, capital would appear to be less necessary. The determination of adequacy of capital in terms of existing 'risk' assets, however, represents an unfortunate and misplaced emphasis. Such views have led not only to neglect on the part of some bankers to take steps to improve capital positions, where such steps were desirable and feasible, but also to active steps on the part of others

The five U. S. Senators whose reports to their colleagues in the Senate have caused reverberations at home and abroad — left to right, Senators Chandler (D-Ky.), Mead (D-N. Y.), Russell (D-Ga.), Lodge (R-Mass.), and Brewster (R-Me.)



PRESS ASSOCIATION

actually to reduce capital. The question is not whether a bank has enough capital for the type of assets which it now holds and the risks which it now appears to face, but whether it has enough capital to enable it to assume the proper and reasonable risks of participating in the financing of business enterprise. To the extent that banks in the post-war future confine their investments to so-called 'riskless' assets, business and agriculture will have to obtain accommodation elsewhere, either from competing credit institutions or from governmental agencies."

Comptroller-General on "termination"

MUCH attention has been attracted by Comptroller-General Lindsay C. Warren's views on the need for an audit before payment of the claims of contractors following termination of their contracts. Mr. Warren's viewpoint is indicated in the following short excerpts from his 13-page letter to the Senate small business committee.

I fully recognize that the contracting agencies of the Government have authority to terminate contracts and to enter into agreements with contractors as to the basis for determining the amount to be paid the contractor in the event of such termination. However, I cannot believe that the interests of the United States will be adequately protected by permitting all contracting officers or their subordinates to effect final settlements under terminated contracts—particularly where the record or evidence on which such settlement is based is not to be submitted either to the disbursing officer or to the General Accounting Office.

I wish to state emphatically, for the information of your Committee, that such a procedure is wholly insufficient to protect the interests of the United States with respect to the improper and erroneous payments which will be made by contracting officers in

connection with the settlement of the Government's obligations under terminated war contracts. . . .

It is imperative that specific provision be made in any legislation which may be enacted to insure that the General Accounting Office may make a proper audit and review of the claims asserted in connection with the settlement of the Government's obligations under terminated contracts. It is my further opinion that the only certain way in which such a proper audit and review may be accomplished, is by providing that the claims records, adequately developed, shall be sent to the General Accounting Office for complete adjustment and settlement of final balances after the contracting departments and agencies have made payment of such advances, partial payments or loans as may be authorized.

The CED's termination program

THE Committee for Economic Development, businessmen's organization headquartered in the Department of Commerce building, in a statement on post-war employment and the settlement of terminated war contracts, offers the following four-point program:

Creation by the Congress of a governmental board with broad powers to establish uniform and simplified policies for the guidance of the several war agencies in the settlement of terminated contracts.

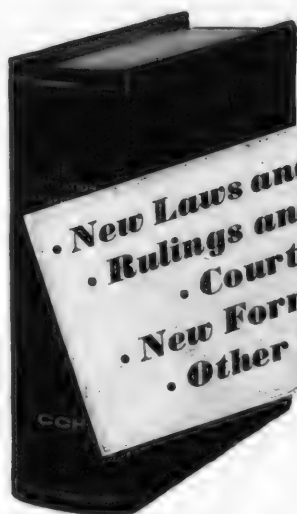
Delegation of clear-cut authority to the contracting agencies to make final settlements with contractors within the framework of policies and procedures established by the Contract Settlement Board.

Enactment of legislation which will establish a clear and simple avenue to the courts for all contractors and provide adequate legal machinery for expeditious handling of such disputes.

Granting to every contractor and subcontractor of the right to obtain mandatory loans from the government in amounts equal to a substantial proportion of proper settlement claims.

Mandatory loans, the CED's research committee believes, will provide def-

(CONTINUED ON PAGE 12)



- New Laws and Amendments •
- Rulings and Regulations •
- Court Decisions •
- New Forms and Reports •
- Other Developments •



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CCH STATE TAX SERVICE

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3 QUICK FACTS

1st

The First Wisconsin National Bank of Milwaukee is the largest bank in Wisconsin and the surrounding northwest area — 26th in size among all 15,000 banks in the U. S.

90

Established in 1853, the history of the First Wisconsin is a record of dependable service through 90 crowded years of peace and war!

85%

Nationally known as "Wisconsin's bank for banks", the First Wisconsin serves as Milwaukee depository for more than 85 per cent of the hundreds of banks in this important industrial-agricultural state.

P.S.

Today Milwaukee's factories and Wisconsin's farms are producing all-out for Victory! In that same spirit, all the facilities of this 90-year-old bank are pledged to the cause of Freedom—to help speed the final triumph over the brutal forces of tyranny.

BANKS and BANKERS DIVISION

George T. Campbell - - Vice-President
Richard J. Lawless - Assistant Vice-President
Donald A. Harper - Assistant Vice-President



FIRST WISCONSIN NATIONAL BANK

of MILWAUKEE  Established 1853

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

OUTLOOK—Continued

nite assurance of a speedy release of working funds, particularly for small business firms on the lower rungs of the subcontracting ladder. In this connection, the committee endorses the principle of the extended V-Loans procedure recently announced by the armed services and the Federal Reserve Board. "This procedure may well be a convenient method for securing advances by many firms with good credit standing and complex contractual relationships. Nevertheless, we are convinced that the V-Loan procedure, and anything comparable to it, will not be adequate for most small businesses and should be backed by a system of direct mandatory loans from the Government.

"Although we have no fixed convictions as to the formula which should govern the amounts of the proposed loans, it may be desirable to limit mandatory loans to the aggregate of out-of-pocket expenses incurred directly in connection with war contracts or subcontracts, and for which no previous payments have been made. Additional permissive loans to cover non-cash items, such as depreciation and obsolescence, might be authorized in the discretion of the contracting agencies. . . ."

Financing bean dealers

THROUGH timely intervention, the American Bankers Association obtained the cooperation of the Commodity Credit Corporation in preventing adoption of an undesirable plan for financing dry bean dealers during the current season and in working out a plan whereby regular commercial banks can help finance the unusually heavy crop, part of which must be reserved for government use.

Loans to dealers on beans processed for domestic use pose no particular

(CONTINUED ON PAGE 14)

Secretary of State Cordell Hull, right, congratulates his new Under-Secretary Edward R. Stettinius, former Lend-Lease Administrator and business man



REUTERS

BANKING

To Minimize Mechanical Interruptions . . .



A phone call brings a Burroughs service man when you need him, but it's far wiser to arrange with Burroughs for periodic inspection, lubrication and adjustment of your Burroughs machines, so that emergencies, and the delays they entail, may be prevented. The standard Burroughs Service Agreement affords this efficient protection by providing:

- Systematic inspection, lubrication and adjustment of your Burroughs machines at regular intervals.
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- Service — on your premises — by expert service men, trained, supervised, paid by Burroughs.
- All work guaranteed by Burroughs.

Inquire at your local Burroughs office how you can obtain Burroughs service at a low, predetermined cost, or write—
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Manufacture of aircraft equipment for the Army Air Forces, and the manufacture of Burroughs figuring and accounting equipment for the Army, Navy, U. S. Government and the nation's many war activities, are the vitally important tasks assigned to Burroughs in the Victory Program.

FINANCING WAR PRODUCTION

Located in America's armament center, this bank is especially equipped to deal with financial problems arising from war production.

Pledged, as we are, to do all in our power to further the prosecution of the war, we have set up a War Loan Division, experienced in the analysis of war contracts and familiar with the requirements of the armed services and other governmental agencies.

We offer our services not only to local companies in need of war production loans but also to our correspondents throughout the country whose transactions with Detroit war industries can be expedited by our special and direct attention to their needs.

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

DETROIT, MICHIGAN



THE ROYAL BANK OF CANADA has long been identified with the development of friendly business relations between Canada, The United States, The West Indies, Central and South America. Nearly a quarter of a century ago branches of The Royal Bank were opened in South America. In Cuba this Canadian institution had an office as early as 1899. Today the Bank operates its own branches in many of the important commercial centres of South America, in Central America and throughout the West Indies. The services of this wide-spread banking system are at the disposal of banks and firms with business interests in the Americas.

Inquiries are invited.

THE ROYAL BANK OF CANADA

Head Office—Montreal New York Agency—68 William Street
Assets exceed \$1,350,000,000

OUTLOOK—Continued

problem for the banks; however, by government order 60 per cent of all beans purchased and processed by dealers must be offered to the Food Distribution Administration for use by the armed forces and for lend-lease shipments.

After acceptance of the beans by the FSCC (purchasing agent for lend-lease) there is a considerable time lag before payment is made to dealers. In some instances the loans on these government orders have amounted to several million dollars. After delivery of the beans to the Government, dealers have no security to back the loans pending payment by the Government.

As a result of meetings of representatives of the A.B.A., CCC, FDA, FSCC, and the general counsel of the Office of Comptroller of the Currency, the CCC and the Comptroller's office have agreed that loans made by banks to bean dealers for amounts due them from the Government on account of these FDA purchases shall be guaranteed by the Government. To this end, the Comptroller's office has prepared a form of contract to be used by the banks in connection with these bean loans.

Officials of the A.B.A. said that although they are opposed to the principle of guaranteed loans, they felt justified in asking for CCC guarantees on the dry bean financing covering shipments to the FSCC, since title to the beans passes to the Government at time of acceptance, but payment is not made for a period of from three weeks to a month.

Bank cooperation with SWPC

"LOCAL banks are particularly well suited to assume a fair share of the responsibility for seeing that local industry is properly and adequately financed," the SWPC states in a bi-monthly report. "Almost all plants have a local banker, and the welfare of the bank is tied up with the prosperity of the community. Among the bank's customers are large manufacturers with prime contracts, as well as small manufacturers needing assistance, and the banks are in a strategic position to bring these clients together and to suggest that the large manufacturers could by subcontracting assist the small ones to the advantage of both. The local banks should also largely assume the responsibility for financing small manufacturers. A cooperative program has been developed with the banks of the

(CONTINUED ON PAGE 16)

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, SEPTEMBER 30, 1943

RESOURCES

Cash and Due from Banks	\$ 833,532,898.41
U. S. Government Obligations, direct and fully guaranteed	2,756,434,626.64
State and Municipal Securities	91,010,894.89
Stock of Federal Reserve Bank	6,660,000.00
Other Securities	87,663,336.90
Loans, Discounts and Bankers' Acceptances	894,755,090.71
Banking Houses	35,992,986.34
Other Real Estate	5,397,350.00
Mortgages	7,009,580.15
Customers' Acceptance Liability	4,114,156.38
Other Assets	17,497,639.85
	<u>\$4,740,068,560.27</u>

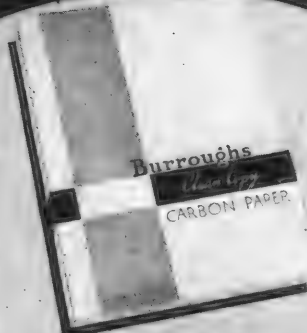
LIABILITIES

Capital Funds:	
Capital Stock	\$100,270,000.00
Surplus	121,730,000.00
Undivided Profits	43,306,020.40
	<u>\$ 265,306,020.40</u>
Reserve for Contingencies	12,916,020.79
Reserve for Taxes, Interest, etc.	5,141,118.45
Deposits	4,442,998,614.19
Acceptances Outstanding	\$ 7,438,707.30
Less Amount in Portfolio	2,649,947.87
	4,788,759.43
Liability as Endorser on Acceptances and Foreign Bills	65,882.09
Other Liabilities	8,852,144.92
	<u>\$4,740,068,560.27</u>

United States Government and other securities carried at \$1,190,633,842.50 are pledged to secure U. S. Government War Loan Deposits of \$1,032,061,238.23 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

SAVE
10% TO 40%
WITH
Burroughs



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Burroughs Discount Purchase Plans offer you savings of 10% to 40% on purchases of Burroughs supplies for practically every type and make of business machine. These supplies are delivered as you need them, assuring freshness, eliminating storage problems that usually arise in buying on a quantity basis. For details, call your local Burroughs office or write direct to Burroughs Adding Machine Company, Detroit 32, Mich.

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Treasury Secretary Morgenthau, third from left, discussing post-war international monetary stabilization with Senators Tom Connally, Robert F. Wagner and Alben W. Barkley

country, through the good offices of the American Bankers Association and its affiliated state associations, whereby the services of some 15,000 banks and their branches will be enlisted."

The two principal types of financial assistance provided by the corporation are loans and equipment leases. The first field loan was authorized on March 11, 1943, and since then the number and value of field loans have increased steadily, the SWPC reports. "Every effort is being made to provide small manufacturers with direct financial assistance, as well as to provide them with helpful information for obtaining financial assistance from private lending organizations or governmental agencies (other than SWPC) when such courses seem to fit the borrower's needs more satisfactorily."

Taxpayer's December estimate of income

TAXPAYERS who filed a quarterly estimate of their year's income in September are entitled to file an amended estimate by December 15, but in no case may more than one amended estimate be filed following the September 15 estimate. The Bureau of Internal Revenue announces:

Taxpayers who find that, in the filing of Declarations on September 15, they underestimated their tax by more than 20 per cent are authorized by law to file amended declarations not later than December 15, and thus avoid any penalties for underestimates. Since only one such filing may be made in the remainder of 1943, however, such amendments should not be filed until the taxpayer is reasonably certain that his new estimates are substantially correct, bearing in mind, of course, that December 15 is the deadline for such filings.

The form for filing amended declarations will be identical with the September 15 blank, and will be distinguished only by writing the word "amended" on the heading.

Experience Service Cooperation

Manned by officials with years of experience, our Correspondent Bank Division renders a complete service, conducted in an intimate and personalized manner.

The guiding policy is one of cooperation in all matters of mutual interest.

The
Public National
BANK AND TRUST
COMPANY OF NEW YORK
ESTABLISHED 1908

Member: New York Clearing House Association, Federal Deposit Insurance Corporation

**"Now, if we
were only
staying
at**



THE ROOSEVELT"

When you stop at The Roosevelt you don't risk getting marooned like this. For you'll be within walking range of Manhattan's Midtown activities. Direct passageway from Grand Central Terminal to hotel lobby. A reservation at The Roosevelt liquidates a lot of bother. Rooms with bath from \$4.50.

THE ROOSEVELT

Robert P. Williford, General Manager
MADISON AVE. AT 45th ST., NEW YORK

—A Hilton Hotel—

OTHER HILTON HOTELS FROM COAST TO COAST:

TEXAS, Abilene, El Paso, Longview, Lubbock, Plainview;
NEW MEXICO, Albuquerque; CALIFORNIA, Long Beach,
Los Angeles, The Town House; MEXICO, Chihuahua,
The Palacio Hilton. Hilton Hotels. C. N. Hilton, President.

Goods allocation a growing problem

A GROWING problem is the allocation of scarce goods by manufacturers and wholesalers, and more is sure to be heard of this subject on Capitol Hill. In a recent Commerce Department bulletin the authors, E. R. Hawkins and Walter F. Crowder, conclude that most manufacturers and wholesalers are attempting to be fair in allocating scarce goods to their customers. They find, however, that the problems of new customers, boom areas and firms cut off by war requirements from their regular suppliers were seldom given adequate consideration.

Most manufacturers and wholesalers interviewed by the Department felt the need of some plan for allocating scarce goods to customers. Of 69 manufacturers covered only four indicated they had no allocation problem. Of the 205 wholesalers covered, only 28 had no allocation problem at the time of the survey.

International RFC

THANKS to its disclosure in London newspapers, the U.S. Treasury made public its proposal for the creation of a United Nations Bank for Reconstruction and Development. The bank, with a recommended capital of about \$10 billions provided by the United States and other countries according to an as yet unannounced formula, would "encourage private financial agencies to provide long-term capital for the sound development of the productive resources of member countries, and when necessary cooperate with and supplement private capital for such purposes."

Capital would be subscribed up to 20 per cent in gold and the rest in local currencies. The bank would guarantee loans made with private capital to any member government, and through the government to any of its political subdivisions and to business and industrial enterprises in the member country. The bank would be authorized to participate in loans made with private capital or make loans out of its own resources only when the borrower is unable to secure the funds from private investment sources on reasonable terms.

Travel to be cut

A POSSIBLE 33 per cent reduction of necessary travel by business men to and from war-jammed Washington, a slashing of their routines of paper work (25 to 40 per cent in some operations) and a WPB organization geared to greater

MILLIONS OF WAR-TIME TRAVELERS MEAN NEW PROSPECTS FOR AMERICAN EXPRESS TRAVELERS CHEQUES



Millions of Americans are traveling these days, including:—

- ★ Men and women of the Armed Forces on furlough or week-end passes
- ★ Inductees on their way to camp
- ★ Executives, Government Officials, Skilled Technicians
- ★ Relatives of Service Men on visits to camps and shore bases
- ★ Salesmen, Workers on new jobs away from home

All have precious money that must be protected. Present day travel conditions in over-crowded trains, buses, terminals, hotels, restaurants increase the hazard of lost or stolen funds.

Undoubtedly, thousands of ready-made prospects will welcome the suggestion from your bank that they transfer their *stealable, losable* cash into the safe, spendable form of American Express Travelers Cheques.

Besides making a worth-while profit on every sale of American Express Travelers Cheques, you enable your clients to travel with a confident feeling of security that they will gratefully associate with your institution.

AMERICAN EXPRESS TRAVELERS CHEQUES



Successful manufacturers do not locate plants by chance. Locations are decided only after exhaustive research. Below is a partial list of nationally known manufacturers who have followed their investigation of Tennessee's industrial advantages with the investment of millions of dollars:

Aluminum Company of America
American Zinc, Lead & Smelting Co.
American Cyanamid & Chemical Corp.
Armour and Company
American Bemberg Rayon Corp.
Bemis Bros. Bag Co.
Blue Ridge Glass Co.
(Corning Glass Works)
Continental Can Co.
Combustion Engineering Co., Inc.
Crane Company
Cudahy Packing Co.
du Pont de Nemours, E. I., & Co.
Firestone Tire & Rubber Co.
General Motors Corp. (Fisher Body Div.)
General Shoe Corp.
Glidden Co., The
Goodrich, The B. F., Co.

International Harvester Co.
International Shoe Co.
International Minerals & Chemical Corp.
Kingsport Press, Inc.
Kraft Cheese Corp.
Knox Porcelain Corp.
Layne & Bowler, Inc.
Monsanto Chemical Co.
National Carbon Co.
Pennsylvania-Dixie Cement Corp.
Proctor & Gamble Co.
Stokely Brothers & Co.
Swift & Co.
Tennessee Eastman Corp.
(Eastman Kodak Co.)
Tennessee Copper Co.
United States Pipe & Foundry Co.
Victor Chemical Works
Consolidated Vultee Aircraft Corp.

One or more of these industrial advantages influenced their choice of Tennessee:

- ☆ An unsurpassed variety of industrial minerals and basic materials;
- ☆ Low-cost TVA hydro-electric power (18 billion kwh annual capacity);
- ☆ Huge coal-producing area for possible economical steam-power generation;
- ☆ Inexhaustible supply of industrially suitable water;
- ☆ Excellent railway, highway and air transportation facilities, plus economical river transportation to Midwest, Gulf, and South American ports;
- ☆ Ample State vocational-trained labor for every industrial requirement;
- ☆ Central location: more than 51% of the Nation's population is within a 500-mile radius;
- ☆ Opportunity for low-cost assemblage of raw materials from any point in South—a region with the greatest aggregate mineral production.
- ☆ Choice plant sites free of labor competition, congestion and traffic problems.

These and other advantages also may be to your profit too. For specific information and surveys on your requirements, write

Governor's Industrial Council, Department of Conservation
617 State Office Bldg. Nashville, (3) Tenn.



speed and responsiveness, are the goals of a program adopted by the recently established War Production Board Operations Council.

The program calls for a sweeping decentralization of the whole operations function. It will move out of Washington to the WPB regional offices much of the machinery of production control and with this machinery will go greater autonomy and consequently greater responsibility for both the 13 regional offices and the 92 district offices.

It is stated that the move will create, in effect, 13 "little WPB's," able to function without active assistance from Washington except in basic policy matters and in the instance of problems which are beyond their own resources. Each regional director will be known as a "regional chairman," and within his own area his job will roughly parallel that of the WPB chairman.

Senator Wiley defines banker

ON the Senate floor, Senator Wiley of Wisconsin took issue with Marriner S. Eccles' plea for a "unified banking system" coupled with well regulated branch banking limited to trade areas. The Senator stressed his belief in the right of the states to charter and supervise local banks. The independent country banker, he said, has been "one of the great stalwart forces of our country. . . . In most instances, he has grown up in the community. He knows every man, woman and child of the community. He is in touch with the heart throbs of the town and the village. He is interested in the economic, social, and moral growth of the town because it is his town. He is more than a money lender. He is a community builder. He is interested in church, school, and community life. He is interested in the old folks and the men and women in business, and he is interested in the youngsters who are going to school. This is his home town. Without all these ties and knowledge, without the sympathy and understanding which flow therefrom, he could not render the service he does."

Four ambulances being presented to the Navy and four to the Army by Security Traders Association of New York



INTERNATIONAL NEWS
BANKING

DIRECTORS

EDWIN M. ALLEN
*President, Mathieson
Alkali Works, Inc.*

EDWIN J. BEINECKE
*Chairman, The Sperry &
Hutchinson Co.*

EDGAR S. BLOOM
*President, Atlantic, Gulf and
West Indies Steamship Lines*

LOU R. CHANDALL
*President,
George A. Fuller Company*

CHARLES A. DANA
*President, Spicer
Manufacturing Corp.*

HORACE C. FLANIGAN
Vice-President

JOHN M. FRANKLIN
New York City

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*Chairman, Lincoln
Savings Bank*

PAOLINO GERLI
*President,
E. Gerli & Co., Inc.*

HARVEY D. GIBSON
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JOHN L. JOHNSTON
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Lambert Company*

OSWALD L. JOHNSTON
*Simpson Thacher &
Bartlett*

CHARLES L. JONES
The Charles L. Jones Company

SAMUEL McROBERTS
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JOHN P. MAGUIRE
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& Co., Inc.*

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Lehigh Coal Co.*

HAROLD C. RICHARD
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Corporation*

HAROLD V. SMITH
*President, Home
Insurance Co.*

ERNEST STAUFFEN
Chairman, Trust Committee

GUY W. VAUGHAN
*President, Curtiss-Wright
Corporation*

HENRY C. VON ELM
Vice-Chairman of the Board

ALBERT N. WILLIAMS
*President, Western Union
Telegraph Company*

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
September 30, 1943*

RESOURCES

Cash and Due from Banks	\$333,256,410.25
U. S. Government Securities	821,671,217.62
U. S. Government Insured F. H. A. Mortgages	7,840,218.22
State and Municipal Bonds	26,469,998.23
Stock of Federal Reserve Bank	2,229,200.00
Other Securities	29,676,473.25
Loans, Bills Purchased and Bankers' Acceptances	345,512,944.63
Mortgages	13,880,969.56
Banking Houses	12,307,280.15
Other Real Estate Equities	2,119,555.11
Customers' Liability for Acceptances	3,242,763.67
Accrued Interest and Other Resources	5,044,140.37
	<u>\$1,603,251,171.06</u>

LIABILITIES

Preferred Stock	\$ 8,307,640.00
Common Stock	32,998,440.00
Surplus and Undivided Profits	47,285,614.50
Reserves	6,584,195.76
Dividend on Common Stock (Payable Oct. 1, 1943)	824,959.50
Dividend on Preferred Stock (Payable Oct. 15, 1943)	207,691.00
Outstanding Acceptances	3,551,424.64
Liability as Endorser on Acceptances and Foreign Bills	274,102.55
Deposits	1,503,217,103.11
	<u>\$1,603,251,171.06</u>

United States Government and other securities carried at \$232,199,951.47 are pledged to secure U. S. Government War Loan Deposits of \$201,234,463.85 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Principal Office: 55 Broad Street, New York City

68 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System

Member New York Clearing House Association

Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of \$20 each. The Preferred is convertible into and has a preference over the Common to the extent of \$50 per share and accrued dividends.

Beechcrafts at work



WHEN THE RAIN ROARS ON YOUR ROOF — and you are snug and warm — remember this picture of an AT-11 Beechcraft ready to take off as soon as the bombardier and instructor climb aboard with the bombsight. Our Army and Navy airmen have to fight in all sorts of weather, and therefore have to take training instruction in the same assorted varieties of weather — by day and by night. • • • The safe return of these airmen from the stormy night skies depends largely on the skill and care exercised by the men and women who designed and built this Beechcraft, and the thousands of its companion Beechcrafts being used by our armed services in training bombardiers, pilots, and navigators. Because all Beechcrafters realize and accept this responsibility, these military Beechcrafts, like their commercial prototypes, have earned under the most rugged conditions an outstanding reputation for dependability and efficiency.



OFFICIAL PHOTOGRAPH U. S. ARMY AIR FORCES

Beech Aircraft



CORPORATION

BEECHCRAFTS ARE DOING THEIR PART

WICHITA, KANSAS, U. S. A.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

NOVEMBER 1943



The Post-War Home Builders' Club Will Please Come to Order

JOHN L. COOLEY

Cumberland, Maryland

CUMBERLAND is a city with an honored past and a prosperous present. It is planning now for a promising future. The purpose of this article is to report some of its plans, particularly one bank's contribution to the cause: a home-owners' savings club that aims at educating the membership not only in thrift but in good building.

First, take a look at the town. Cumberland's name appears on many pages of American history. Here in the Allegheny wilderness Fort Cumberland was built in 1754. The next year Major General Edward Braddock, coming to the fort with his British regulars, received the salute of a young colonial colonel named George Washington who was to serve under the King's colors in the projected attack against Fort Duquesne. And here—so says a bronze tablet in the park—was a Washington's headquarters that “antedates all similar headquarters in the United States,” built for Colonel Washington by Braddock prior to the start of the ill-fated expedition.

Later Cumberland was headquarters of the Ohio Company and gained fame as a takeoff point for the west-bound pioneers who followed the Cumberland Road through a gap in the tangle of mountains that barred the seaboard colonies from the Ohio Valley.

When coal mining came, Cumberland developed industrial stature. Railroads took away the coal, and carried people westward; and the town found itself the inland terminus of the Chesapeake & Ohio Canal. In time, other industries arrived, attracted by the abundant fuel and the water power provided by the North Branch of the Potomac River.

TODAY Cumberland, with a population of around 35,000, is still an industrial city, hard at work winning the war but keeping an alert eye on the rebirth of peace. Her anticipation of that blessed event is strengthened by the apparently reasonable hope that the reconversion job facing her major industries—celanese, tires and railroading—should be relatively simple.



This air view of Cumberland was taken by Banker Fletcher from his own plane

One of Cumberland's big plants, the Kelly-Springfield tire works, has, in fact, already reconverted. Several months ago it ceased making ordnance and went back to turning out tires, this time from synthetic rubber. The switch-over was widely heralded in the press as the country's first conversion of a big plant.

After the war, Cumberland feels, the Celanese Corporation of America can easily resume manufacture of peacetime products at its big plant along the Potomac. And the city hopes, too, that the return of more normal transportation demands will leave a railroad employment situation that can be corrected by absorption of men into other local jobs.

Looking forward, the Cumberland Planning Commission has been revived and is actively studying projects that will make a better post-war town. A number of local improvements have been suggested, including the covering of a creek and the construction of a new line to conduct water from the city's reservoir, located a few miles north in the Pennsylvania hills. One post-war improvement is almost completed—a fine new airport, with a 6,000 foot runway, on a hilltop overlooking the city.

CUMBERLAND's present caught up with one phase of its future the other evening, and that's where the bank comes in.

Into City Hall's august Council Chamber walked nearly a hundred Cumberlanders to attend the first meeting of the Peoples Bank Home Ownership Savings Club. Some of them were already members and, at the bank's invitation, had brought friends. Others had read about the club in the newspaper ads and wanted more information.

There have been, and still are, numerous "clubs" for home ownership savers in these United States. But this organization offers unusual, interesting and apparently workable features, and BANKING thinks you'll be interested in the story.

LET's begin in the Council room where Harold R. Fletcher, cashier of the bank and organizer of the club, talked at that first meeting.

Mr. Fletcher, by way of introducing him, is a banker who believes firmly in merchandizing; he can cite you figures to show what it's doing for his bank, notably through his Victory Mortgage Club which enables a customer to consolidate indebtedness around town, pay his obligations, and repay the bank over a 10-year period. There is the E-Z Tax Plan, too, which offers an obvious service.

The Home Ownership Savings Club idea arrived last Summer. Now, Banker Fletcher is likewise Aviator Fletcher, and even though his plane is grounded for the duration, he still likes to go places quickly. Hence he lost no time in developing the new plan.

He explained to his audience that this is a working club, with officers and monthly meetings. It is an educational organization, pointed at better homes for Cumberland, and with that goal in view nationally known manufacturers of building materials and home equipment will be asked to send representatives to speak at each meeting. Presumably these men will bring movies with them; a good picture, as everybody knows, is worth countless words. The speakers will discuss new products and trends in their lines—and many lines will be covered at the meetings: insulation, refrigeration, roofing, lighting, heating, air conditioning, wall materials, kitchen sinks, foundations, clothes closets, rumpus rooms, floors.

"I asked one manufacturer," says Mr. Fletcher, "whether his company would be interested in talking to 25 or 30 prospective home builders. He replied, 'We most certainly would.' Well, it looks as though our club would give him an even larger audience, so I suppose he won't change his mind."

Each club member gets a scrapbook. The manufacturers are going to send the membership literature about their products and services, and the books are to keep it in. . . . Oh yes—the club is also mailing a popular home-building magazine and a house design to each member each month.

WHERE does the bank fit into the picture? Like this:

At the outbreak of the war banks generally were experiencing a marked decrease in commercial loans. A large part of their investable cash went into government bonds, which, of course, don't yield much income. So, all in all, banks' earnings were cut down.

After thinking things over, the Peoples Bank designed a plan that would, frankly, benefit the bank, but would also help Cumberland and the Tri-State area, which extends into West Virginia and southern Pennsylvania. The bank's past experience with mortgage loans was so satisfactory that it decided there was a good future in financing home builders.

There have been an unprecedented number of marriages since the war—and that means homes, eventually if not now. Furthermore, many rent payers are making big money and want little places of their own.

The Club, at its first meeting, listens to City Engineer Rizer. Harry Footer, president of the Peoples, is in the front row at the left



War saving challenges American banks to encourage and provide sound post-war investments as a large number of war savers in bonds are experiencing their first real taste of systematic thrift. Following the end of the war they will be tempted by many unsound investments and a discontinuance of systematic savings. It is a responsibility of the banking structure to render every possible means to increase the number of savers and continue to hold their interest; this will play a large part in curbing inflationary movements.

The Home Ownership Savings Club's benefits will be felt in material and labor circles by the prompt return to peacetime production after the war, thus averting unemployment.

Banks now have a golden opportunity to carry the ball, to lead the way, in programming post-war stabilization to eliminate the need of government subsidies, the threat that has been fought so bitterly by the banks during the past decade.

Nearly everybody is buying War Bonds these days. Buying them is a patriotic privilege and a smart investment. When your bonds are paid, however, what will you do with the money? Why not put it in a home where the investment will be preserved?

And so the Peoples Bank has organized this Home Ownership Savings Club for folks who want to build post-war houses or to buy houses now available, although there are probably more prospective owners in the former category. The only requirement for membership is that you be a regular saver, preferably through the medium of War Bonds; however, a cash account is naturally okay, and if you own a good lot you have a good equity.

When you're ready to build (after the war) the bank will be very glad to have your mortgage and will extend you the maximum facilities of the Federal Housing Administration's 25-year insured, amortized $4\frac{1}{2}$ per cent plan. But don't feel you're bound to us just because you're in the club. Far from it! We'll be very glad to arrange a mortgage for you with any other bank in the community if you so prefer, and you're entirely welcome for any help the club has given you. (But the Peoples will think itself a darn poor salesman if *that* happens!)

The bank's job as sponsor of the club is to give the members all the information they need, from architecture to curtain fixtures, and to make available an orderly financial program. You men present at this meeting may remember (the ladies aren't old enough, of course!) what happened after the last war. Everybody rushed to build, and there were many, many mistakes. Well, we don't want to repeat that experience here in Cumberland, and we don't want any jerry-building. Be sure you're right, then build. And the bank's going to do its best to see that you *are* right. . . .

WHEN Mr. Fletcher finished outlining the plan at that first meeting he introduced Cumberland's chief engineer, Ralph L. Rizer. Mr. Rizer talked for half an hour on some of the preliminaries of home-building, offering suggestions on selection of the site, survey of the lot, building permit procedure, etc. He cordially invited the members to bring to him any problems that bothered them; if he could help he'd be glad to.

Standing beside a map of Cumberland, Mr. Fletcher tells the members about the Club's plans and purposes



Then Mayor Thomas F. Conlon spoke briefly and Harold W. Smith, secretary of the Planning Commission, talked about plans for the city's future and the place that good home-building had in them.

The meeting lasted 70 minutes. Mr. Fletcher adjourned it with a reminder that at the next session early in November there'd be an expert to talk on some phase of home construction or equipment, and probably a movie.

AT THE bank the next day Harold Fletcher talked more extensively about the club and its possibilities.

"We made our first announcement—a newspaper ad—late in August," he recalled. "Inquiries came in immediately; people wanted to join. We ran another ad, pointing out that the FHA plan would be available to aid in the financing. There were more inquiries and more members. At meeting time last night we had enrolled 35.

"The number of our mortgage applications, including refinancing, has trebled since we started. And each one becomes a valuable feeder for other services of the bank.

"The membership registry is very simple. The enrolment blank contains space for such information as whether the member owns his home and lot; whether the property is encumbered; the member's preference as to location of the house that will be his when building starts again. There is also room for recording the serial number of each War Bond left with us.

"In conducting the club we shall carefully avoid partiality. No local contractor, builder, dealer or labor group will get any advantage. The bank's part is to maintain interest and to provide sound, practical and adequate education in home building. We'll leave the discussion of material and equipment to the fellows who have those things to sell.

"How long a life will the club have? Well, for the duration, we hope, and longer if it's doing a good job. Remember that it's essentially, from the banking standpoint, a systematic savings plan—one that fosters the thrift habit the customer is already developing through his regular purchases of War Bonds. A person who's learning to save by the bond method will find the FHA amortization plan easy, won't he? And what better outlet can he have for his matured War Bond funds than the payments on his own home?"

Rich Uncle Sam

FRED I. KENT

The author is chairman of the Commerce and Marine Commission, American Bankers Association, and a director of the Bankers Trust Company, New York City.

THOSE processes which have to do with war procedure have in great part been defined and are in course of being carried out. While wasteful expenditure seems to be the order of the day, yet this was a natural follow through of the wasteful expenditures undertaken by government during the 10 years previous to our entry into the war.

When governments are dealing in millions, those in government as well as the people, become careless about the thousands. Just so, when government is dealing in billions, the nation gives slight consideration to the millions. This being true, as human nature is constituted, it was almost certain that the war following 10 years of wasteful government expenditure in the billions should find the country constantly wasting millions and hundreds of millions in its war effort.

Due to the necessity for experimentation in time of war and because of the feeling of the necessity for haste of the character that makes waste, over-expenditures for war purposes are almost inevitable. Nevertheless it is the duty of Congress to positively see to it that waste in carrying on the war which can be avoided without jeopardizing the war effort is not allowed. In fact, it is only by such control that the war effort can be furthered most effectively.

"It is not that we would curtail effective effort in any quarter on the home front or the military front because of cost but that we should, in the interest of the lives of those who are directly engaged in the war, make certain that we measure every expense from the standpoint of effectiveness."

—Zero hour scene on the threshold of Sicily, below

INTERNATIONAL NEWS SERVICE



It is harmful to the nation and to the war effort to spend money unnecessarily because it develops frictions that result in slowing up processes and increasing difficulties that not only hold back production over what it might have been, regardless of what it may be, but that in the end must result in the loss of many more lives than need be.

The proper thought that lives cannot be measured in money blinds the public to the fact that lives can be saved by the proper use of money. Congress should take note of this fact immediately and should act with great positiveness to control the huge waste that is now going on in connection with the war effort—waste which reaches throughout the whole gamut of operative undertakings from the development of bureaucracies, through propaganda, false control, unwise and unnecessary conditions surrounding labor and into military procedure.

It is not that we would curtail effective effort in any quarter on the home front or the military front because of cost but that we should, in the interest of the lives of those who are directly engaged in the war, make certain that we measure every expense from the standpoint of effectiveness.

SUCCESS in expense control that will help win the war will also work to protect the people in the post-war period.

Congressional correction of wasteful processes requires a series of acts which, when taken, will immediately begin to accelerate the effectiveness of the war effort and will create conditions that will enable the employment of men and women in the post-war period.

Some of the most obvious things that Congress should undertake in the interest of the war effort for protection in the post-war period are the following:

Stultifying bureaucracy . . .

The great stultifying bureaucracy which exists in the United States should be broken down. Some bureaus or departments of bureaus should be entirely eliminated. Others should be brought within the bounds required to confine governmental red tape to a minimum and to make possible rapid procedure in essential activities. Such an accomplishment would make for great savings:

(a) In the wages of those who were eliminated from government and who now could find opportunities for employment in ways that would be to their greater interest personally as well as to the advantage of the country in the Army, the Navy, the Marine Corps, industry and agriculture.

(b) In the saving of great quantities of materials that are now utilized in the carrying on of useless processes.

(c) In the elimination of vast numbers of question-

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naires, an important proportion of which are valueless and serve to litter up the files of government with useless material.

(d) In saving the time of valuable men in industry who are now called upon to apply themselves to the building of responses to bureaucratic quizzing and who in the interest of the country could better be giving their time to furthering production.

(e) In expense incurred by industrial and other organizations and of individuals in the answering of questionnaires and the preparation of reports which can serve no constructive purpose at all commensurate with their cost.

(f) And finally, in the accomplishment of the enormous savings that would result in the relief of the strained manpower situation that is now hampering government and industry throughout the length and breadth of the country.

300,000,000 pieces of propaganda . . .

The 153 agencies of government which, altogether, issue some 300,000,000 pieces of propaganda, and promotional, educational and other matter annually should be cut down to the minimum required to furnish such factual statements as may be necessary to meet the needs of the business and industry of the country along statistical lines and to enable the people to obtain an understanding of essential, important and proper governmental activities.

CONTINUATION of such agencies is conducive to the expansion rather than the contraction of departments and their bureaus. They make for the perpetuation as well as expansion of government activities which are questionable as to their constitutionality. These agencies have a tendency to increase the competition of government with private industry and under conditions which private industry cannot meet because it cannot pay the expense from taxation received from the people but must depend upon markets for its goods that rest upon the willingness of consumers to pay prices asked. Consumers have the power of decision when they go into the market for goods and can buy or not at prices asked as they see fit, based upon their need and their financial position.

When government carries on in competition with industry, however, and deficits are made up from taxation, the people pay for the service or production through taxation without being in position to exercise their will, whether it may be based upon desire or ability. They also pay through such taxation for things which they do not individually in every case receive, whereas under private industry they obtain what they pay for.

The saving of the direct expense to government and to the people in the reduction of these agencies to the very few which are required would run into many millions of dollars and it would conserve a vast amount of paper which together with that eliminated through the cutting down of questionnaires, would undoubtedly relieve the paper shortage entirely and make it possible for private news distributing enterprises to obtain all that they require in the interest of the people.



U. S. RUBBER CO. FROM FREDERIC LEWIS

"One vital post-war problem that must be solved by business and industry is the question of employment. However, nothing that the business world may do can possibly result in the employment necessary for the protection of the country unless government does its part. . . ." — One-man parachute boats, above, for use on single seat fighter planes

Regulatory powers redefined . . .

The general government agencies which have been created to regulate certain large forms of enterprise which have developed in the United States should be redefined by Congress. The knowledge and experience which has been gained through the activities of these bodies since their creation should make it possible for redefinitions to make them more serviceable from the standpoint of the interest of the people, less expensive to carry on, and should result in saving unknown millions of dollars to the businesses and industries of the country—all of which must be paid for by the people in one form or another.

In the redefinitions of these commissions, Congress should restore the position of the courts and make it impossible for those in the commissions representing government to issue directives with the force of law, whether such directives might be based upon the wording of the statutes or upon the desires of those issuing them without extending to those who might be affected by such directives the right of appeal to the courts, which is a right that is given to them under the Constitution of the United States.

SUCH redefinition by Congress that would bring the commissions in line with constitutional government, and that would confine their authority to those things essential to the interest of the people, would result in the saving of tremendous sums of money and a vast number of hours now spent in useless activities.

76,000 Treasury employees . . .

Taxation in the United States is unnecessarily expensive to the people because it has developed into a

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Sparklers for Speakers

TO LEND emphasis to an idea it is often necessary to repeat it. The classic example is the reiteration found in the Sermon on the Mount where the strong house built upon the rock is compared to the house built upon the sand. Another striking illustration is found in Ingersoll's description of his thoughts as he stood at the tomb of Napoleon: "I saw him [Napoleon] on the banks of the Seine . . . I saw him put down the mobs in the streets of Paris . . . I saw him at the head of the army . . . I saw him conquer the Alps . . . I saw him upon the frightful field of Waterloo"—and so that impressive picture continues—impressive because of its powerful reiteration.

There is an old story of the prankster who told everyone he met that there was a pink elephant at the corner of Main and Elm Streets. Finally with constant repetition the story spread all over town. He hurried home to tell his wife of his practical joke and met her rushing out of the front door. He called, "Where are you going?" She cried back, "There is a big pink elephant loose at the corner of Main and Elm streets and everybody is down town." He said excitedly, following her, "You don't mean it! Well, that I gotta see too." One reason political slogans are so often effective is that they are repeated until men accept them.

A banker speaking at a state convention on deficit financing used the speech tool of repetition as follows: "A fixed policy of continued deficit financing is sound if you wish to punish the saver and reward the spend-thrift. It is sound if you wish to destroy the creditor to save the debtor. It is sound if you believe in economic confusion and not in economic order."

When it is used at intervals in a speech, repetition is an important tool for emphasizing an idea.

Next time we shall discuss the use of contrast or antithesis in conversation and speech.

THE ship had entered New York Harbor. On board was one colored soldier. As the ship passed the Statue of Liberty there was absolute silence, when suddenly the colored boy broke the silence by remarking: "Put your light down, honey, I'se home."



The proponents say that money will go a little further with food subsidies, but we bet it will not go as far as next pay day.

The fellow who wrote a book on how to spend money certainly must have to revise it often to keep up to date.

PROF.: "Mr. Smith, will you tell me why you look at your time-piece so often?"

Smith (suavely): "Yes sir! I was afraid, sir, that you wouldn't have time to finish your interesting lecture, sir."

It is never the initial outlay that floors you; it's the running expenses that keep you out of breath.

It's easier to get a seat in Congress these days than on any train.



FATHER—"My daughter says she would like a job in your bank."

Official—"What can she do?"

Father—"Nothing."

Official—"That simplifies it. Then we won't have to train her."

If you say the debt makes no difference because we owe it to each other, you have to be sure you pay it back to the same people from whom you took it.

An anonymous gift is a donation by a person who hopes everyone will find out without his telling them.

In the old days political campaigns were won on the slogan of a full dinner pail. Nowadays, a slogan of a full automobile tank might do the job.

Any time a man thinks he is important he ought to figure out what the world would miss if he was gone.

EMPLOYEE: "I ought to have a raise. Why, man, I'm doing the work of three men."

Startled Boss: "You are? I didn't know it. Tell me who the other two are and I'll fire them."

When the Dionne quints grow up, one of them will get a real break in a bridge game.

Our idea of a post-war Utopia would be a nation in which principles would win the battles with expediency in politics.

When you consider the intelligence of animals, always remember you have never heard of a horse betting on a man.

A VERY stout man saw a weighing machine with the notice: "I speak your weight."

He put a penny in the slot and stood on the platform. A voice answered: "One at a time, please!"

Settling War Contracts Fairly

THEODORE W. GRASKE

MR. GRASKE is the author of *"The Law of Government Defense Contracts"* and of articles on war contracts.

CONGRESS is considering proposed legislation providing for prompt payment upon, and equitable settlement of, canceled war contracts. While speed in obtaining the final payment after cancellation is of paramount concern, such final payment must also be wholly equitable. One pending measure deals rather fully with the first phase of this problem but does not guarantee adequate redress for contractors or their assignees against arbitrary or unjust settlements.

Another merely grants a right of court appeal from decisions of the departments and agencies to Federal courts already bogged down with heavy dockets—not to mention the dockets that would result when thousands of claims after this war will be filed.

The Committee for Economic Development has suggested that Congress create regional or branch courts of claim throughout the country or "other alternatives" to meet the inevitable case load after the war. Such other alternatives, no doubt, would be the use of arbitration in disputed settlement cases.

IN order to understand more clearly the effect of current proposals for the equitable settlement of war contract claims, a brief statement of the experience of World War I as to this matter must be given. The experience in disposing of claims after that war ought to show the more important or basic facts relating to the entire problem.

After the armistice in 1918, the War Department created numerous contract settlement boards for the adjustment of claims of war contractors. The most important of such boards was the Board of Contract Adjustment. This board was created by the Secretary of War, not the Congress, and it started with the appointment of several Army officers as a tribunal of appeal from decisions of lower bureau board or regional board decisions.

Under the procedure of that day, a contractor feeling himself aggrieved by a decision of such inferior bodies could get a review of such decisions by the Board of Contract Adjustment and ultimately by the Secretary of War. The rules of the board provided that in case of appeal its "findings and decisions were conclusive," with no right of court review. In some instances, the contractor had a right to appeal to the Secretary of War, and, after Congress passed the Dent Act of 1919 validating informal contracts, to the Court of Claims of the United States.

The Court of Claims ruled in one of the early cases under this act that the contractor or claimant could not appeal to it until he had taken a formal appeal to the Board of Contract Adjustment and the Secretary of

War. If the Secretary had not acted on the claim, even after a considerable time had elapsed, no right of court appeal could be had.

The Board of Contract Adjustment rendered many decisions in claims arising out of war contracts and its authority over other matters in the War Department was gradually extended by the Secretary until it was the most powerful and influential of all claims tribunals. Rarely did the Secretary overrule the findings or decisions of this board. After the board was liquidated, its work was taken over by an Appeal Section of the War Department Claims Board. This latter board completed the remaining cases that were undisposed of by the Adjustment Board and wound up its business in 1921, though there were numerous claims filed with the Department after this date.

AT about the same time, the United States Shipping Board Emergency Fleet Corporation also established various war contract claim or cancellation boards. Later the Shipping Board created an overall "Claims Commission" consisting of outside experts to adjust the thousands of claims that arose out of the operations of the Shipping Board and the Emergency Fleet Corporation. The Shipping Board and Fleet Corporation had the greatest number of war claims of all war agencies participating in the World War I effort and its litigation the most extensive. Its claims work was more centralized than the War Department's but its procedure was somewhat similar.

After much agitation for relief of contractors suffering losses arising from Navy Department contracts, Congress in 1925 enacted the "Naval War Contractors' Relief Act." This statute permitted naval contractors to file their claims with the Secretary of the Navy and when the number and intricacy of such claims increased, the Secretary created a "Naval War Claims Board" to handle them. There were still a few outstanding claims under this law as late as 1931.

CONGRESS appropriated approximately \$60,000,000 for the payment of claims on adjusted contracts for the War Department; over \$55,000,000 for the Fleet Corporation and nearly \$20,000,000 for the Navy Department. These funds were for claims adjusted only in such departments and agencies and not for payments of court judgments that might have exceeded the amounts granted to the contractors or claimants after their determination by such bodies. In addition, more than a \$1,000,000,000 was paid by the War Department under the Dent Act. This was, of course, before 1921, for after that date Congress enacted the Budget and Accounting Act establishing the office of the Comptroller General and vesting final administrative authority over claims.

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Invasion Currency



U. S. NAVY FROM INTERNATIONAL

The LST (landing ship-tank) has carried our invasion troops ashore at Attu, the Solomons, Sicily and Italy

HERBERT BRATTER

DURING the invasion of North Africa the temporary use by United States forces of a new type of American paper currency attracted considerable attention in financial circles. With the invasion of Sicily there made its appearance still another kind of paper money supplied by the Bureau of Engraving and Printing in Washington.

Not a great deal of detail has been published by the American Government concerning these monetary innovations. The official reticence on the subject is attributed to the wartime need for secrecy. Thus far there have been only two official statements, both issued by the Treasury and War departments jointly. Those statements have been widely published. The facts below are intended to supplement those two statements and are based upon such oral information as the writer has been able to obtain in Washington.

THE American currency mentioned above can be easily described. It is what the Government calls "spearhead" currency. It consists of United States silver certificates which differ from those in use at home only in the color of the seal, which on spearhead currency is yellow. The distinctive color aims to make it impossible for enemy agents and enemy sympathizers in an invaded area to utilize other United States paper currency in that area, or to export the spearhead dollars and use them elsewhere. The spearhead notes are part of the United States currency stock and are included in Treasury statistics of silver certificates outstanding. Spearhead currency is used by our invading forces only until other satisfactory local currency can be provided.

This brings us to the second kind of invasion money, occupation currency. This is represented by the occupation lire, first used by our forces during the invasion of Sicily and later introduced in Italy proper. These notes, while declared by our military authorities to be worth \$1 per 100 lire, are issued only in lira denominations. They are a truly fiat currency, as is appropriate for

military money. They are intended to supplement, and if absolutely necessary, substitute for the Italian paper currency. They, like the spearhead U. S. dollar silver certificates, are unlimited legal tender in the invaded areas. But there the resemblance ends.

WHEREAS spearhead silver certificates are obligations of the U. S. Treasury, and so shown on its regularly published statements, invasion lire are not part of the United States' monetary stock. The spearhead certificates are issued in the first instance by the Treasury to the American armed forces, and only to them. The occupation currency is printed by the Bureau of Engraving and Printing for the Allied Military Government. The occupation notes are not "issued" until put into circulation in the invaded area by the allied military authorities, including but not limited to the American armed forces.

During the invasion of French North Africa the yellow-seal and the BMA £ notes were used by the Allied forces. Shortly thereafter and not unrelated to the recognition accorded the French authorities, transference was made as quickly as possible to the use of French African francs.

While all the Allied forces in Sicily use the same lire occupation currency printed in Washington—London reportedly lacked the necessary printing facilities—the British have their own spearhead currency, the British Military Authority pound note. Unlike our yellow-seal note, the BMA pound note is more like our occupation currency, in that it is not part of the home country's currency system and is not an obligation of the Bank of England, the United Kingdom's note issuing authority.

Like our troops everywhere, our soldiers in Sicily and Italy have always been able to remit home in dollars, through Army P.O. money orders, the equivalent of the occupation lire or other local lire they held, at the decreed rate of 1 lira = 1 U. S. cent. Italians in the occu-

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The Why of Service Charges

JOHN KINNEMAN, JR.

MR. KINNEMAN is vice-president of the Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania.

Illustrations are by CY HUNGERFORD, well-known cartoonist for the Pittsburgh Post-Gazette.

SOME customers frequently recall "the old days" of free bank services, and no doubt would like to see them back again. And I have no hesitancy in saying that many bankers likewise wish that conditions were such as to preclude the necessity for service charges.

But things being what they are, I believe service charges are here to stay, although they may be revised from time to time. We have revised our charges four times during the last 12 years. Banks are not unlike any other businesses in that their costs have changed in the past and again have moved upward during the war.

The service charge, in my opinion, is the testing-ground for a bank's customer relations. It must have "sellability" in the sense that it develops no unusual customer resistance. This can be realized by (1) an equitable formula that (2) is applied to all customers.



One revision that is now being adopted by many banks is the service charge based on a customer's minimum balance for the month, instead of the average balance. I do not intend to discuss here the merits of either system, because there are usually internal factors that must be given more than casual consideration in such a question.

In the first place, we knew that in making the change to the minimum balance formula in May 1942, we ran the risk of reopening the entire subject of service charges, which the public had already accepted. We figured that a certain small percentage of our customers, remembering "the old days," would protest—and perhaps even take their accounts elsewhere.

Our customers' acceptance of the new formula is perhaps best indicated by the fact that we lost less than a dozen small commercial accounts. And individual complaints were remarkably few, considering that the bank had about 42,000 regular checking accounts at the time.

Announcement was made in a letter, in which was enclosed an explanatory booklet, mailed to all depositors who would be affected, with a statement that in the

future a charge would be made if the same activity supported by the same balance continued. We also invited the customer to come in to talk over the necessary increase in balance required to avoid the charge.

The booklet cited the continued low returns from investments and the constantly mounting cost of doing business. It pointed out that necessary bank operations represented a heavy expenditure, even though "invisible" to the customer—bookkeeping, transmitting and collecting checks, counter work, correspondence, and many specialized services requiring time, equipment and knowledge.

We explained that a bank can earn money for these operations only by lending or investing the idle balance in the checking account and by direct charges for such service. Our policy was outlined to the customer as intending to make the earnings from their balances or service charges maintain the expenses of all services directly allied to their checking accounts.

Other banking services are charged for directly, irrespective of balances maintained. Savings accounts, loans, trust business or any other business performed for a customer are not considered as an offsetting factor in making these service charges.

Officers and branch managers of the bank personally called upon the larger depositors, and showed them how they could avoid the charges entirely or keep them down to a minimum by building up their balances. In these talks, the bank's representatives made it clear that the service charges, based on an account analysis, would be applicable to every depositor, large or small. The only exceptions made were in accounts of charitable organizations, where each charity was permitted one free account.

Employees of the bank, upon whom fell the major share of the job of selling the formula because they come in direct contact with many more customers than do the officers or directors, found few recalcitrants. The equitable nature of the minimum balance formula clicked with our customers. As one teller expressed it, "What we thought was going to be a tough job turned out to be a pushover."



This task was facilitated by regular meetings, attended by the bank officers and members of the staff,

at which customer reactions to the formula were related, points raised were discussed, and the entire subject considered from a public relations standpoint.

Writing to one objector, an officer of the bank illustrated how the bank earns money on some accounts and loses on others. He wrote:

"Any depositor's first requirement of us is that we be prepared with cash to meet any checks drawn against the depositor's account. As an example, if a deposit of \$1,000 is made to the account at the first of the month, and checks are drawn to the extent of \$800, the low balance of \$200 is all that we have a chance to invest. If the earnings from the investment of the \$200 are not adequate to pay for the costs of handling the account, then it is necessary to pass this cost back to the person served. We believe that is entirely fair, and it is considered so, not only in the banking business, but in any other type of business."



To another customer, asking for additional information concerning the formula, the bank wrote:

"In the first World War, our average income from government bonds amounted to $4\frac{1}{2}$ per cent. At the present time, our return from government bonds averages 1.3 per cent.

"We figure that it costs on the average a graded basis starting at four cents per check and reducing to one and three-quarters cents to cash checks, receive deposits, and pay checks; therefore, on our ledger sheet, we record the number of such items of services performed during the month. At the end of the month, we total this charge and compare it with the amount we have been able to earn from the deposit balances that were with us for the full month. If the earnings are adequate to offset the operating expense, then no charge is made; if they are not, the charge is passed on to the customer."

To customers carrying a balance under \$100, for which they paid a minimum monthly charge of \$1, we sent a letter suggesting that they change to our special checking account, at a cost of seven and a half cents per check, with no minimum charge. We showed them that it would be cheaper and probably more suitable to their particular circumstances; several hundred shifted to this type of account.

In no instance was a charge made on any account for any service without first notifying the customer, so that if he was not satisfied with the fairness of the charge he might have the opportunity to go elsewhere for the service.

We found that out-of-town corporations operating branches or offices in our city favored giving us separate accounts large enough to support the activity of their

operating accounts. They did not want other large depositors to have to pay for their services and realized that they were always transferring their balances to their home office bank.

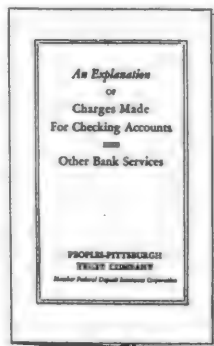
Accounts having unusual requirements, such as those depositing or withdrawing large amounts of currency or coin, were service charged accordingly. Obviously, serving such accounts costs more than those having no such requirements. We recommended to these accounts ways of reducing our work and, consequently, their charges, by themselves wrapping coins, sorting denominations of bills, paying by check instead of cash, etc.

We encountered a fine spirit of cooperation on the part of corporations, in their willingness to pay charges for cashing checks for their employees, and a genuine appreciation of our cooperation for staying open after hours if necessary.

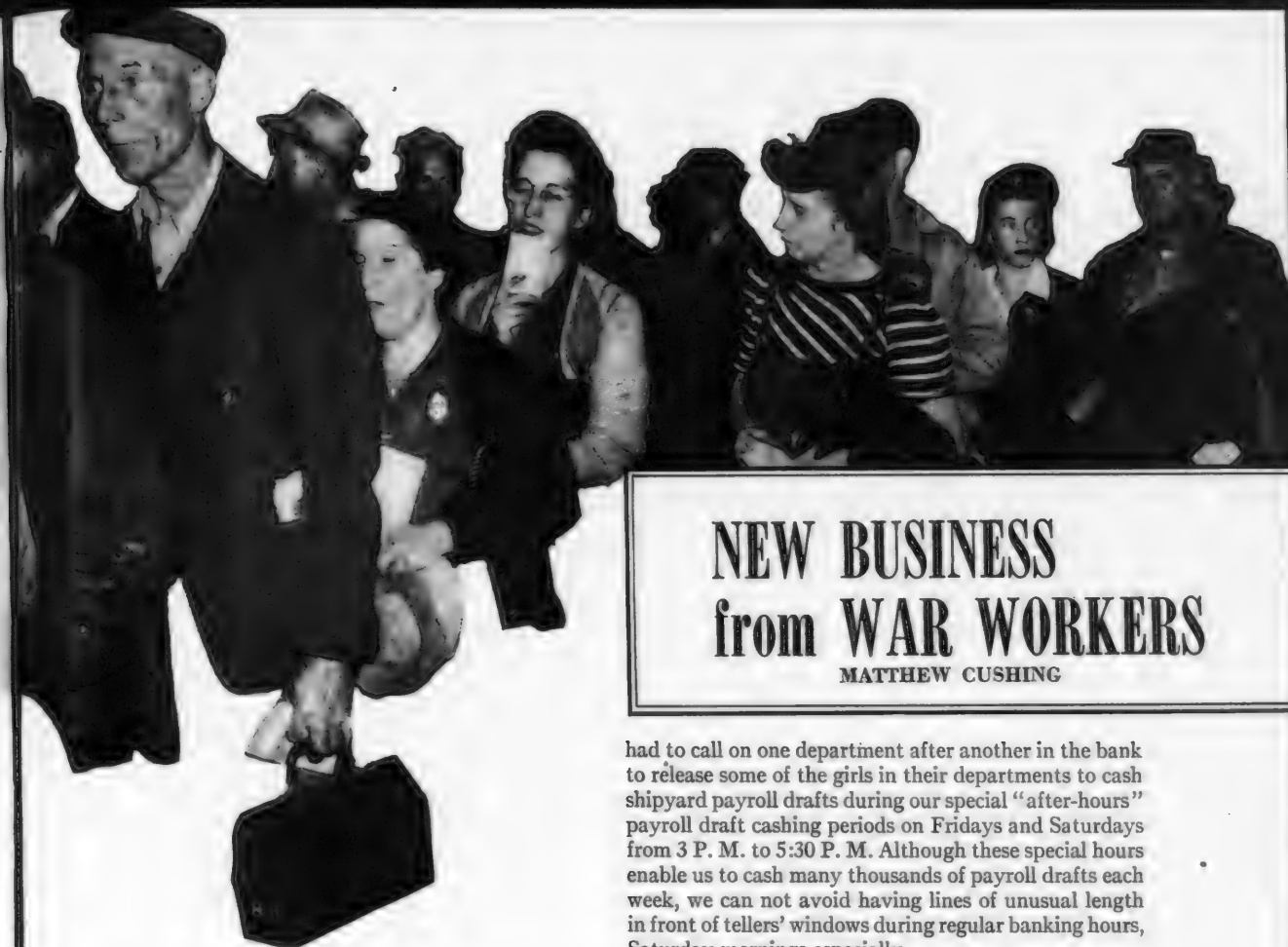
In my talks with customers I frequently illustrated the scope and responsibility of a bank's service with the example of a non-customer cashing a check at a bank. I told them of going into a country bank once where I was known and having my check cashed, for a fee of 10 cents. Later I thought about the involved processes attending that act. I realized that for the service accorded me, the bank's stockholders had to maintain a building. They had to pay salaries to the officer who initialed my check for cashing, the teller who cashed the check, and to the clerks who handled the check before it was sent to my bank for collection. They had to have money available to cash that check, none of which money could be invested to yield a penny. They had practically made me a loan for two days while the check was being collected, and they assumed the risk that the check might not be good. My inevitable conclusion was that no other business would perform that amount of service for so trivial a fee.

When the minimum balance formula was introduced, we were finding it necessary to apply a service charge against 60 per cent of our checking accounts. That figure has been reduced to 30 per cent because of the large number of customers who built up their balances to keep the charge down or to avoid it wholly.

Respect for the customer and a firm faith in his fairness guided us in our handling of service charge matters. We found that the customer, if approached in the proper manner and fully informed of all related factors, invariably agreed that a bank deserves to be paid for the services it performs.



AFTER giving an introductory explanation of the bank's need for service charges, the Peoples-Pittsburgh booklet detailed 25 services, under which the charges for each, under varying circumstances, were given. A sampling of the services included follows: *Deluxe Checking Account, Cashing Payroll Checks, Furnishing Currency and Coin, Additional Statement, Lost Deposit Books, Past Due Notes, Night Depository.*



NEW BUSINESS from WAR WORKERS

MATTHEW CUSHING

MR. CUSHING is vice-president of the Granite Trust Company, Quincy, Massachusetts.

WE believe that banks which are providing special payroll draft-cashing service for war workers will not regret doing so where volume and compensation warrant.

We feel certain that payroll draft cashing facilities are so convenient in our area that there is no valid reason for absenteeism due to this cause and we suspect that banks in other areas are equally ready to do their part in cashing payroll drafts despite the many problems involved.

In this state there are no check cashing stores as such, although some armored car services cash payroll drafts near shipyards for a fee. There is a certain amount of the so-called "tavern banking" near war plants and large numbers of checks are accepted in connection with food purchases at various grocery stores and super markets. All in all, other agencies combined account for but a small fraction of the total number of war workers' payroll drafts cashed in this area where two shipyards issue approximately 50,000 payroll drafts on which our bank's name appears as one of two paying agencies.

Practically all of our experienced tellers and many of the original replacements that we trained are now in military service or have left our employ for temporarily more alluring jobs, and we have had to depend almost wholly on women to cash these payroll drafts. We have

had to call on one department after another in the bank to release some of the girls in their departments to cash shipyard payroll drafts during our special "after-hours" payroll draft cashing periods on Fridays and Saturdays from 3 P. M. to 5:30 P. M. Although these special hours enable us to cash many thousands of payroll drafts each week, we can not avoid having lines of unusual length in front of tellers' windows during regular banking hours, Saturday mornings especially.

The special "afternoon hours" enable one shift to be served splendidly, but what about the other shifts? One other shift that gets through work from 7 to 7:30 A. M. forms lines in front of four local branch banks (two are ours) which open at 8 A. M. There are usually five or six workers to every automobile that stops at these branches.

Do we regret having agreed to do this work? No. We agreed to cash these checks when the number of employees was probably 25 per cent of the present total. We have seen our problem increase four-fold, but we are glad to render this service in addition to the selling of War Bonds, handling of ration banking, granting of "V" and "VT" loans, accepting withholding tax deposits and many other wartime services. Yes, and we, too, have officers and employees serving on ration boards, draft boards, warning centers, airplane spotting towers, auxiliary police and fire posts, air raid wardens and Coast Guard patrols.

Our job of payroll draft cashing for the shipyards and many other war-expanded industries is lightened by the high degree of cooperation that is given by management, labor unions, our regular customers, and all others who are inconvenienced by our added problems. Management of industry staggered hours and days of wage payment to effect a more even flow of employees presenting their payroll drafts at the bank, thus avoiding uncontrollable peak periods.

We have been told that some banks hesitated to pay off war workers, fearing rowdiness or damage to their banking quarters from men who were not being served

On payday shipyard workers descend upon the Granite Trust by the carload. This scene of overalled workers is duplicated many times



For speedier service the bank posts signs throughout the lobby



Girl teller checks a worker's name on the payroll list



as promptly as they might desire. Our experience completely refutes this contention. These men and women are thoroughly orderly, cooperative and well-mannered. They hold their identification badges high to assist tellers in making certain that the payroll drafts are presented by the proper persons. They are patient when long lists of stop payments are referred to. The shipyard managements have eased our problem by tendering one check in payment of the total payroll drafts cashed at the close of each business day. The management of the bank, the industry, and an insurance company got together and arranged for forgery coverage to care for those few phoney endorsements that get by once in awhile under badge identification.

We have not been so busy that we overlooked the business development opportunity when we found thousands of new faces in our banking room, faces of men and women who had plenty of hard cash in their pockets, probably more than some had ever earned before.

Through consistent newspaper advertising, distribution of explanatory folders and solicitation by tellers, bank guards and others, we have induced several thousands of these workers to open ThriftiCheck no-minimum-balance accounts, savings accounts and rent safe deposit boxes. We hope that we shall be able to retain a great deal of this business after the conversion from war production to peacetime employment. We hope that in the future many of these men and women will look to this bank for automobile loans, refrigerator loans, personal loans and other profitable business. We have welcomed these workers and their business. We've tried to make them feel at home and realize that their business is appreciated. With many, we feel we have succeeded. In fact, some of the union officials have brought us so many new accounts, you would think they were a part of the bank's Business Development Department.

SOME persons have suggested that we induce the management of some war plants to deposit the entire pay checks of their employees in our bank and absorb the normal checking account costs, allowing their employees to draw checks against their balances. Until this idea is tried out with success in several places, we shall consider it impractical, due to the experience of this and many other banks with former "payroll deduction plans."

Too often the full amount deposited to an employee's savings account on a Thursday under a payroll deduction program has been withdrawn on Friday leaving a zero balance or a balance just sufficient to keep the account open. This experience leads us to believe that in most cases the employees whose salaries have been automatically credited to special checking accounts will appear at the bank at the earliest possible moment to cash checks for the full amounts credited to their accounts. We hope that we are wrong and that it will be demonstrated that checking accounts can be opened up "wholesale" with satisfactory results to the employer, employee and the bank. Much as we would enjoy such a short cut in obtaining new accounts, we are forced to the conclusion that plans with any degree of compulsion are resented by Americans. Accounts opened on a depositor's own free will are likely to be much more permanent and profitable.

BANKING NEWS

A.B.A. Country Bank Program Gets Under Way

Fisher Joins Staff of State Department Unit; To Aid Low Countries

Heads Area Committee For Rehabilitation

Dr. Ernest M. Fisher, director of research in mortgage and real estate finance for the American Bankers Association, has been appointed to the staff of the Office of Foreign Economic Administration of the Department of State and will be on leave of absence from the Association while carrying out the duties of the office to which he has been appointed.

Dr. Fisher will be chairman of an area committee which will deal with the rehabilitation of the Low Countries, including Holland, Belgium and Luxemburg.

He has been a member of the staff of the A.B.A. since January 1940 and early this year was made a deputy manager in charge of the Savings Division. From 1934 until 1940, he was director of the Division of Economics and Statistics of the Federal Housing Administration in Washington.

A member of the American Economic Association, the American Statistical Association, the Econometric Society, the American Society of Planning Officials, and the International Federation of Housing and Town Planning, Dr. Fisher has long been a student of housing in the United States and abroad. He has traveled extensively in his studies of housing on the continent of Europe.

He is the author of several books, including "Principles of Real Estate Practice," "Advanced Principles of Real Estate Practice," and is co-author of "European Housing Policy and Practice."

While on leave from the A.B.A., Dr. Fisher will reside in Washington.



E. M. Fisher

A.B.A. Farmer-Banker Groups Meet Nov. 10-11

A joint meeting of the Agricultural Commission, Food-for-Freedom Committee, and Subcommittee on Agricultural Credit of the American Bankers Association will be held at the Statler Hotel in St. Louis, Nov. 10-11.

The Association's Food-for-Freedom program for 1944 will be announced at this meeting and a bank manual, entitled "A Wartime Program for Country Banks," will be introduced. This guide book has been prepared by the agricultural leaders serving on various A.B.A. committees.

Other Matters

Other subjects to be included on the conference agenda are: Methods by which country banks can meet and overcome government competition; proposed Federal legislation to control government competition; farm land price situation; measures for stimulating county key banker activity; correspondent bank relationships with country banks with particular reference to agricultural credit; banker-farmer cooperation in arousing farmers to the necessity of (a) getting debts paid, (b) achieving sound financial positions through accumulation of reserves for post-war purchases, and (c) increasing their purchases of War Bonds.

Important New Commissions Begin Functions;

Association's Credit Services Are Revamped

Further expansion and reorganization of American Bankers Association services to its member banks have gone forward since the 69th convention concluded its sessions in New York in September.

Two new units, the Commission on Country Bank Operations and the Credit Policy Commission, are now functioning, and there has been an adjustment in the A.B.A.'s credit service setup.

See Page 47

A story on the Country Bank Commission's organization meeting at Chicago, at which the commission's many activities were charted, appears on page 47 of this issue of BANKING.

The changes are in line with President A. L. M. Wiggins' program for aiding the so-called country banks in solving their current and post-war problems.

For Country Banks

The Commission on Country Bank Operations, composed of bankers from 17 states, held its organization meeting at Chicago. A report on that session is to be found on page 47 of this magazine. The commission, working under the chairmanship of Kenneth J. McDonald, president of the Iowa Trust and Savings Bank at Estherville, Ia., is studying the country banks' problems of management, operation, competition, opportunities for extension of services, needs for promotional material and other assistance.

This commission will not supplant other commissions and committees devoted to the interests of the country banks, such as the Agricultural Commission, the Food-for-Freedom Committee and the Federal Legislative Committee and its Subcommittee on Agricultural Credit, but will supplement the activities of those groups.

In the Credit Field

The Credit Policy Commission will coordinate the increasing activities of the Association in the various branches of bank credit. Membership on this commission, the chairman of (Continued on page 34)

Membership Clinics in Ohio, Indiana Cities

A series of A.B.A. membership clinics was conducted in Ohio and Indiana last month by J. R. Dunkerley, secretary of the Organization Committee, in cooperation with committee members and state vice-presidents.

Meetings were scheduled for Cleveland, Columbus, Dayton and Cincinnati, in Ohio, and Evansville, Lafayette, Muncie and Fort Wayne, in Indiana.

Ohio is in the territory of Organization Committeeman A. C. Johnston, president of the Kenton Savings Bank. Ohio's state vice-president is Rodney P. Lien, vice-president and comptroller, Cleveland Trust Company.

Indiana is in the territory of Committeeman William F. Miller, vice-president of the Citizens Union National Bank, Louisville, Ky., while the state vice-president is A. J. Wedeking, president of the Dale State Bank.

A.B.A. Survey Shows Slight Decrease in Civil Relief Act Instalment Delinquencies

Delinquencies on instalment repayments of consumer credit loans resulting from the Soldiers' and Sailors' Civil Relief Act during August showed a further slight decrease as compared with the preceding months of 1943, according to the monthly statistical analysis of consumer credit loans prepared by the Consumer Credit Department of the American Bankers Association.

Other Categories Down

The analysis also shows that in the same month there was a fairly pronounced decrease in delinquencies of all categories of consumer credit loans, except in the case of matured loans, where a slight increase in delinquencies was noted by the Department.

The further slight decline in Civil Relief Act delinquencies was attributed to the fact that the rate of induction of men into the armed forces, beginning with the month of June and continuing through August, receded still further from the peak numbers inducted in earlier months of the year. On the other hand, the over-all decrease in delinquencies, except among matured loans, resulted from the fact that money in the hands of the American public has continued to increase as the war progresses.

Percentage Table

The analysis shows that of the total of consumer credit loans outstanding on August 31, 1943, the following percentages were delinquent:

Days Delinquent	Per cen. of Loans Delinquent	Percentage Delinquent, relative to Sept. 30, 1941 = 100
1-4 days	1.284%	91
5-14 "	1.355	93
15-29 "	1.001	93
30-59 "	.616	96
60-89 "	.337	102
90 days and over	.542	118
Matured loans	1.217	142
Soldiers' & Sailors' Act Delinquencies	.836	314

Bank Crimes and Frauds at Lowest Point in 22 Years, A.B.A. Committee Reports

Bank crimes and frauds of all types have dropped to the lowest levels in more than 22 years, according to the annual report of the Insurance and Protective Committee of the American Bankers Association.

The report, made by William B. Gladney, chairman of the committee, states that both the number of offenses and amounts of losses declined during the year ended August 31, 1943. Only 19 banks in the United States suffered hold-ups or robberies, as compared with 631 crimes of violence in 1932.

Moreover, the report brings out, the new lows in all classes of bank crime were attained despite the fact that "greater responsibilities incident to total war and all of its impacts on the home front" have been placed upon the banks since the nation's entrance into the world conflict, and in spite of the fact of a general increase in non-bank crime.

The report also points to the steady improvement in the insurance coverage of banks.

Coverage Improved

"Based upon all information available through conferences, correspondence and surveys," it says, "in recent years the majority of banks have improved both the quality and amounts of their insurance coverage and the efficiency of loss preventive measures to keep abreast of additional hazards or exposure to loss resulting from the rapidly changing conditions in wartime banking."

"In a word, I believe that the quality of insurance now carried by banks was never so high," Mr. Gladney said.

"It is gratifying to report that the continued improvement in the bank crime situation is also reflected in the surety companies' reports of loss experience in 1943 under bankers blanket bonds. Despite the several rate reductions granted since 1936 and the adoption of experience rating for each bank, the ratio of insured losses to premium volume continues at satisfactorily low levels.

Rate Conferences

The Protective Committee has renewed its conferences with the Towner Rating Bureau with a view to obtaining further reductions in premium charges.

"More than 90 per cent of the banks in the United States now carry bankers blanket bonds rather than separate fidelity schedule bonds and burglary and robbery policies. The fact that loss prevention is functioning well in these 14,000 banks is evidenced by the revelation that approximately 85 per cent of them are receiving experience credits of 15 per cent to 20 per cent in the computation of their blanket bond premiums."

A.B.A. Program

(Continued from page 33)

which is Hugh H. McGee, vice-president, Bankers Trust Company, New York, represents all types of banks and banking and includes the chairman of each A.B.A. credit committee. It also includes the president of Robert Morris Associates and the president of the Bankers Association for Foreign Trade.

The commission's first project is a study of guaranteed loans.

Other Changes

At the same time the Association has reorganized its credit services to adapt them both to the changes occurring under war conditions and those which may be expected after the war.

The National War Loans Committee becomes the Committee on War Loans and Commercial Credit, the Consumer Credit Council becomes the Committee on Consumer Credit, and a new committee has been established, the Committee on Specialty Credits, whose interest will be such things as accounts receivable, insurance policy loans, warehouse receipts, etc.

A.B.A. News Notes

The annual report on earnings and expenses of all insured banks is being compiled by the Bank Management Commission. The survey covers ratios of earnings and expenses to total deposits of insured state banks, national banks, and all insured commercial banks for each state.

The Consumer Credit Department has recently issued a folder giving a rebate schedule for instalment loan charges, a copy of which has been sent to each member of the Association. Additional copies are available at 25 cents each.

A revised roster giving the names of A.B.A. staff members who are prepared to address banking organizations, such as state and county associations, clearinghouse associations, American Institute of Banking chapters, and similar groups has been compiled by the Public Relations Council and copies sent to members of the official family. Topics upon which individual staff members will speak are included.

Proceedings of the School Savings Forum held in New York during the Wartime Service Conference have been printed and are available for distribution upon request to the Savings Division of the A.B.A.

New Trust Study

"How Directors, Officers, and Employees Are Developing Trust Business," the twelfth Gilbert T. Stephenson trust research study has been reprinted as a supplement to the *Trust Bulletin*. This concludes the second series of these studies in trust business.

Six new studies by Mr. Stephenson will be published in a like manner during the coming year, making a total of 18 in all.



Eugene Abegg

New Postal Savings Committee Formed

A Committee on the Postal Savings System whose function will be the study of the system was formed by the American Bankers Association, shortly before the retirement of W. L. Hemingway as president.

The committee consists of the following five bankers:

Eugene Abegg, president, Illinois National Bank & Trust Company, Rockford, chairman; William H. Fawcett, vice-president, First National Bank, Pittsburg; Arthur W. Sands, president, Western State Bank, St. Paul; P. C. Cullom, vice-president and trust officer, Farmers Bank, Frankfort, Ind.; and Samuel N. Pickard, president, The National Manufacturers Bank, Neenah, Wis.

Trust Group Reviews Investment Procedure

The A.B.A. Committee on Trust Investments, a Trust Division group, has issued in mimeograph form a review of some important considerations in investment procedure.

Compiled as an aid to trust men and as a result of many inquiries, the discussion covers three main headings: investment policy, investment procedure, and selection of investments.

The committee says that although the review is rudimen-

State Secretaries

Four State Secretaries' regional conferences have been tentatively scheduled, as follows: Western Secretaries, Los Angeles, Nov. 16-17; Southern Secretaries, New Orleans, Nov. 29-30; Central States, Chicago, Dec. 3-4; and Eastern Secretaries, New York City, Dec. 5-6.



C. E. Bennett

Chairman of the new A.B.A. Subcommittee on FDIC Study; president, Tioga County Savings & Trust Co., Wellsboro, Pa.

Trust Operations Forms Available for Study

A collection of operating procedure forms has been assembled by the Committee on Operations for Trust Departments, a Trust Division group.

The forms are used by large, medium-sized and small trust departments in all parts of the country. They have been assembled in a set of 11 portfolios, classified according to departmental functions.

Of the 473 forms displayed, 37 per cent are connected with trust investments, 31 per cent with trust account maintenance, accounting for cash and the performance of administrative duties, 20 per cent with real property management, and 12 per cent with income tax service to customers.

The contents of the portfolios is outlined in the September number of the *Trust Bulletin*. They will be loaned for 10 days on request to the A.B.A. Trust Division.

tary, "if by checking the points raised with existing policies and procedures the thinking of some trust officers and members of investment committees is stirred up and possibly directed along constructive lines, then the efforts of the committee have not been in vain."

More Job Institutes

Planned by A.I.B.

Five additional Job Instructor Training Institutes have been held or are to be held shortly under the guidance of the American Institute of Banking following the pattern of the New York and Chicago institutes.

Ten to 12 representatives from various chapters in each of the five areas will be invited to attend these institutes and receive basic instruction in the "Training Within Industry" routine, as adapted to banking institutions.

The newly scheduled institutes were arranged for: Cincinnati, week of Oct. 18; St. Louis, week of Nov. 1; Houston and Richmond, week of Nov. 8; and Atlanta, week of Nov. 15.

Savings Conference Is Planned for December

President A. L. M. Wiggins, Savings Division President Fred F. Lawrence, and Economist Paul F. Cadman will make the principal addresses at the opening session of the savings conference sponsored by the Savings Division at the Palmer House in Chicago on Dec. 3. Mr. Wiggins' address will be entitled "Thrift and Savings — Crime or Virtue."

Roy R. Marquardt, vice-president, First National Bank, Chicago, a former president of the Savings Division, is chairman of the Arrangements Committee for the conference and will call the meeting to order. Henry C. Kinkaid, manager, Savings Department, Harris Trust and Savings Bank, Chicago, is secretary of the Arrangements Committee.

The afternoon session will be devoted to an open forum and discussion on savings policy. Discussion leaders will be: A.B.A. Deputy Manager Ernest M. Fisher, chairman; Charles R. Reardon, vice-president, First National Bank, Joliet; and John S. Stubblefield, president, Peoples State Bank, St. Joseph, Michigan.

The forum discussion will be confined to a questionnaire circulated in advance.

Savings bankers in Illinois, Indiana, Iowa, Michigan and Wisconsin have been invited.

Three Association Staff Promotions

Three A.B.A. staff promotions were approved by the Association's Administrative Committee at the New York Convention.

Merle E. Selecman, deputy manager and secretary of the Trust Division, was made assistant secretary of the Association. He is also director of

the advertising department and of the Public Relations Council.

Liston C. Bertram of the Legal Department staff was made assistant general counsel.

Robert G. Taylor was appointed assistant director of the Association's News Bureau in New York.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

- Nov. 16-17 Western State Secretaries' Conference, Los Angeles
- Nov. 29-30 Southern State Secretaries' Conference, New Orleans
- Dec. 3 Regional Savings Conference, Palmer House, Chicago
- Dec. 3-4 Central State Secretaries' Conference, Chicago (Tentative)

- Dec. 5-6 Eastern State Secretaries' Conference, New York City

Other Organizations

- Nov. 3-5 Investment Bankers Association of America, New York
- Nov. 29-Dec. 1 United States Savings and Loan League, Palmer House, Chicago

Bankers Aweigh

LEO G. TITUS

MR. TITUS is manager and assistant cashier of the Bank of American Samoa, owned and operated by the island government. We are told (although not in this article) that he helped Captain Eddie Rickenbacker salvage his traveler's checks after the memorable rescue. MR. TITUS is performing his Samoan duties while on leave from the American Trust Company of San Francisco, which provides the Bank of American Samoa with its civilian officer. There's an interesting coincidence connected with the publication of this article. See this month's *Just a Minute*.

Pago Pago, Samoa

IN American Samoa, under the Southern Cross and Antares' fiery glow, where the moonlight glistens on the rustling fronds of the cocoanut palms, the jungle presses down to the shore, and the surf booms on the coral reef, one finds at Pago Pago the only American bank in the islands of the South Seas. Because Samoa is in the southern hemisphere, 13 degrees below the equator, the seasons would be reversed if there were any seasons; but actually one month is much like the one before and the one to follow, and the same raiment serves the year around.

The Bank of American Samoa was established in 1914, and is owned and operated by the island government. Serving for several decades the simple requirements of the small staff of the naval station and the island traders and merchants, the bank grew slowly but steadily, until the feverish hand of war activities was laid upon it and quickened its pace, doubling and redoubling its operations in a short time.

The bank is neither incorporated nor chartered, and is subject only to the banking laws of the island government, which are very plain and businesslike, and free from the many complexities of mainland banking regulations. The bank carries commercial and savings deposits and also exercises some trust functions, one of the most interesting of which is a trusteeship for a small copra producing island about 200 miles to the north, visited semi-annually by a small inter-island motor vessel.

The president, vice-president and cashier of the bank

Officers



President

J. C. MOYER, Captain, USN

Vice-President

M. W. WILLARD, Comdr., SC, USN

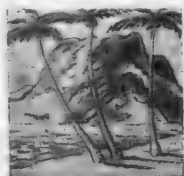
Cashier and Secretary

J. S. HARTWELL, Lieut., SC, USNR

Manager and Assistant Cashier

LEO G. TITUS

STATEMENT OF CONDITION June 30, 1943



THE BANK OF
AMERICAN SAMOA
Futula, American Samoa



PRESS ASSOCIATION

Naval radio station at Pago Pago. Pan American Airlines station and Bank of American Samoa are farther back on Island

are island government officials, being governor, treasurer and comptroller, respectively. The first two are not active in the bank. The cashier, manager-assistant cashier, two natives, teller, and bookkeeper, respectively, and a native messenger-junior clerk make up the operating staff. The manager-assistant cashier is borrowed from the bank's San Francisco correspondent, American Trust Company, and is replaced every two years. Modern bookkeeping and other mechanical equipment are used and a constant effort is made to maintain the best banking practices that have been developed in mainland banking.

The bank's business consists largely of exchange operations for the merchants and other customers doing business with the mainland and with British concerns in western Samoa, Fiji, New Zealand and Australia. There is practically no demand for loans, and the bank's investments are almost entirely in U. S. bonds.

Savings deposits amounting to \$700,000 are steadily growing and are derived mainly from the earnings of the native Samoans who are gradually learning the wisdom of laying money aside for use at a later date when money may not be so plentiful.

The Samoans are a calm, friendly people and very pleasant to deal with as bank customers. Voluble among themselves, they are shy, quiet and dignified in their dealings with the bank, due partly to the fact that very few of them are proficient in the use of English. In dealing with many of them it is necessary to depend entirely on the native employees of the bank who speak the same language. To the banker newly arrived from the mainland it is a source of never ending interest to deal with customers dressed in the native costume, consisting of a lavalava, sometimes supplemented by a flower behind the ear, and barefoot, of course. And it is often a matter of wonder how the passbook is preserved so safely in the waist fold of the lavalava when the owner mysteriously produces it at the window together with a wad of crumpled currency for deposit; the women are always neatly dressed in gay cotton print dresses, and some of them wear shoes.

The bank's present capital is \$25,000 with an equal amount of surplus and \$14,000 in undivided profits. The two latter items were derived entirely from net earnings. Total deposits as of June 30, 1943 were \$1,190,000. Total assets at the same date were in excess of \$1,250,000, of which \$547,000 was cash and sight exchange and \$684,000 in United States bonds.

BANKING

How the Navy Is Paid

This article was prepared for BANKING by the Executive Office of the Secretary, Office of Public Relations, United States Navy, Washington, D. C.

BANKING facilities for the accommodation of the naval establishment as well as for other Federal activities are established by Treasury Department designation of local banks as government depositories. Under such designations the banks carry accounts with the Treasurer of the United States, and handle the business of the local Navy and other Federal disbursing officers through such accounts.

If a local bank has not been designated in the area where a Federal activity is operating, request may be made to the Treasury by the activity, or by the bank for such designation. Upon receipt of such request the Treasury makes an appropriate investigation, giving consideration, among other things, to the volume of government business handled in the locality, the financial position of the bank and recommendations of the Navy Department.

The Bureau of Supplies and Accounts, whose chief is Rear Admiral William Brent Young, S.C., U.S.N., has extended payment by check to all industrial navy yards and several other naval activities. The purpose of the installation of the check payment system is to save man-hours lost by payment in cash and turn this time into productive output. The Charleston, South Carolina, Navy Yard was the last of the industrial yards to be placed on the check payment basis and now a final computation can be made of the man-hours and man-days saved by this procedure.

It is estimated, by the most conservative calculation, that the time saved by the check payment system totals more than 7,284,472 man-hours, the equivalent of 910,559 man-days. The increase in productive output is readily apparent, and when the average hourly pay is applied to the man-hours saved it is obvious that the money savings run into millions of dollars. This method of payment has had the result of increasing the need for the establishment of branch banking facilities within naval activities. Cooperative arrangements have been made between the Navy Department and the Treasury Department under which banks that are designated as government depositories have established branch offices within naval activities.

One of the banks designated as a government depository reported: "During one month our facility performed among other things, the following operations:

9,524 wage and salary checks on U. S. Treasurer cashed totaling	\$ 520,258.86
10 disbursing officers' checks on U. S. Treasurer cashed for payroll purposes totaling	1,239,650.00
80 disbursing officers' deposits received for credit to the U. S. Treasurer	589,099.51
2,535 personal or other checks cashed for officers, enlisted personnel and civilian employees totaling	105,628.06

\$15,100 in small currency and coin furnished clothing officer; ship service officer, etc. for change. \$9,000 of this amount was in currency and \$6,100 in packaged coin

50 applications for War Bonds received; the bonds procured through the air station War Bond office and delivered to the purchaser

319 registered checks and 35 cashier's checks furnished officers and enlisted personnel for remittance purposes

traveler's checks to the value of \$4,380 furnished officers and enlisted personnel.

The same report stated:

. . . since this office opened on March 5, 1943, 680 checking accounts have been opened largely by officers and enlisted personnel, of which on May 31, 539 remained on our books, with balances totaling \$96,603.77. Also during the days just prior to March 15, the personnel of our facility were delighted to assist scores of people, largely enlisted personnel, in making out their income tax returns, and this service seemed to be especially appreciated by those interested.

Another branch banking facility reported:

. . . since opening the facility on March 3 (1943) we have been able to serve the officers, enlisted men and civilian personnel to the following extent:

Opened 760 new accounts from March 3 through May 31 (civilian included)

Sold 791 registered checks from March 3 through May 31

Sold \$5,640 in American Express traveler's checks

Sold manager's checks totaling \$2,019

Furnished 21 disbursing officers during the month of May with official funds to the extent of \$2,496,500

Cashed 13,975 civilian pay checks during the month of May totaling \$671,227.66

In addition to these activities it has been our pleasure to cash personal checks for officers and enlisted men on the Base, upon identification only, in an increased volume since the facility was opened. In addition we are servicing various welfare funds, ship service accounts, both ashore and afloat, and are furnishing the commissary store with quite a large amount of currency and silver for change purposes. We have served the various messes and the cooperative lunch rooms with regards to the ration banking program, which these various naval activities have been required to participate in. While we do not actually handle the details of ration banking at the facility we have been able to open the accounts and receive deposits in this program for transmittal to our main office where the ration banking department is located.

At Pasco, Washington, Naval Air Station Ensign Florence S. Kimball, left, of Foxboro, Massachusetts, and Storekeeper Third Class Jane Fournier, of Saginaw, Michigan, help pay enlisted men stationed at the base

OFFICIAL U. S. NAVY PHOTOGRAPH



This system naturally has imposed a burden on private banking institutions, but all now feel that this is part of their contribution to the war effort.

The Navy operated two banks in the South Pacific. One was the Bank of American Samoa, at Pago Pago, Island of Tutuila, and the other was the Bank of Guam at Apra. Both transacted a general commercial banking business so far as their isolated positions would permit.

The high-ranking naval officers who are ordered by the Navy Department to duty as commandant of the naval station at Samoa also assume the duties of governor under commission from the State Department.

The Bank of American Samoa was established May 19, 1914 by the naval governor of the island to encourage the Samoan natives to be thrifty and save their money, to provide a place where foreign and domestic drafts and traveler's checks could be purchased, and where money could be deposited for local monetary transactions. The bank, located in the customs building, had a number of safety deposit boxes where visitors to the island could leave their valuables under naval protection.

Under the regulations and orders for the Government of American Samoa, the governor served as president of the board of directors of the bank. Other directors were members of his staff. No officer received any salary, except the civilian assistant cashier. The Bank of American Samoa was capitalized at \$25,000.

THE Bank of Guam was operated on a similar basis prior to the Japanese invasion. This bank was established by Captain W. J. Maxwell, U. S. Navy, who was governor of Guam from March 18, 1914 to April 29, 1916. The original capital stock of \$15,000, owned by the naval government, was later increased to \$25,000. The bank was equipped along modern lines to handle efficiently every kind of banking activity related to the commercial and financial relations of Guam with the United States, Hawaii, Philippine Islands and the Far East. Since the Japanese capture of Guam the banking affairs of the Bank of Guam are being administered in the Treasury Department.

Naval personnel, officers of the Supply Corps, assigned disbursing duty with the fleet and shore activities perform functions that the average citizen expects of his neighborhood bank.

Enlisted men and petty officers are permitted under an act of Congress to deposit their savings in sums of not less than \$5 with the ship's disbursing officer. They are furnished with a deposit book and the Government is liable for the full amount deposited. The law provides that no portion of the deposits may be withdrawn until final discharge from the Navy when interest is paid at the rate of 4 per centum per annum.

Officers and enlisted men are privileged to make allotments of their pay to dependents, banks, insurance companies, and other proper sources, and the entire transaction is handled by the Field Branch of the Bureau of Supplies and Accounts, Navy Department, Cleveland, Ohio. This privilege extends to every person on the active list of the Navy, Navy Nurse Corps (female), and members of the Naval Reserve, when on active duty.

The Bureau has streamlined what would appear to be a tremendous bookkeeping procedure. Instead of sending checks covering the individual accounts to the designated depositaries, the disbursing officer sends one abstract of allotment checkages each month to the individual banks covering the accounts of thousands of naval personnel.

High on the list of depositaries from officers serving in the five oceans of the world are found the Annapolis Banking and Trust Company and the Farmers National Bank of Annapolis, Maryland. This is natural, of course, as is the vast popularity of the Bank of Hawaii and the Bishop National Bank of Honolulu.

The Navy does a form of worldwide banking through the Federal Reserve system and banks designated by the Treasury Department as depositaries and financial agents of the United States Government in the United States, foreign countries, and in insular and territorial possessions of the United States. Disbursing officers are encouraged, in their banking transactions, to use the nearest general designated depositary and/or Federal Reserve bank.

War conditions in many corners of the globe are such that it is not feasible to use local and United States currency and the disbursing officer must rely on cash brought out by naval vessels to purchase food and pay off the crew. The disbursing officer on a capital ship requires two to three hundred thousand dollars a month for his financial transactions.

The Navy is also operating checking accounts for naval disbursing officers at the designated depositaries in the local currency of the foreign countries in which the naval activity is located. There are approximately 40 different countries in which these depositaries have been authorized.

DISBURSING officers exchange for naval personnel American currency for British sterling, Australian currency, French francs, or United States money printed for use in Africa or Hawaii. This exchange of currencies is mandatory in the case of personnel physically or mentally disabled; however, it is voluntary in the case of other military personnel, as may be required.

Deposits for safekeeping by crew members are a concern of the disbursing officer. All such deposits are received at the risk of the depositors. No financial liability attaches to the Supply Corps officer or to his bondsmen in carrying these funds, which are kept separate from the public moneys.

Each deposit for safekeeping is assigned a number and this number, the date and the amount of deposit is entered in the record of deposits and withdrawals of safekeeping funds and on the receipt for safekeeping deposits. The depositor is required to sign the record book and the responsible officer signs the receipts. Depositors are cautioned to preserve their receipts as a protection. The entries in the record book, however, constitute the official record of the deposits.

The Navy Department wishes to take advantage of this opportunity to express its appreciation for the cooperation and assistance rendered the naval service by the Treasury Department and the banking systems of the world.

QUICK



the Formula!

MELVIN C. MILLER

MR. MILLER is secretary of the Bank Management Commission, American Bankers Association.

FORMULAS terrify me. Their hidden meaning smacks of the supernatural. Their queer looking symbols and Greek letters throw me into a panic. The usual reaction to that unread mass of mysterious mathematica is that such stuff is for the master minds. So these helpful little tools are religiously avoided. However, they're really mathematical shortcuts to the solution of a problem. "The longest way around" (meaning straight arithmetic) is not always the sweetest way, and definitely not the easiest.

Learning to use formulas is like learning to ride a bicycle—it is easy once you get the "hang" of it, and it gets you there much quicker and easier.

Bankers as a general rule do not often use formulas, but they can be very useful, particularly in the instalment loan field.

To determine the effective rate on a discounted instalment loan

For example, take a problem to which the answer is quite well known among instalment loan men: Suppose you want to find the effective interest rate on an instalment loan of \$100 for one year at 6 per cent discount repayable in equal monthly instalments, or in other words, the interest rate on the average amount of loan outstanding during the life of the loan. In this case the borrower has the use of a diminishing amount of money each month because of his monthly payments on the loan. You can get the answer by straight arithmetic of course, but just try this formula and see how easy it can be:

Formula No. 1

$$i = \frac{2 D n}{(p+1) (A-D)}$$

(The parentheses () and brackets [] in this and later formulas mean that you perform the computations indicated within them first.)

Illustration: Now to show how this mathematical magic operates:

i = effective rate
 A = amount of note—\$100
 D = discount in dollars—\$6
 n = number of equal instalment payments per year (whether the loan is for just a year, or less or more than a year)—12
 p = number of equal instalment payments to maturity—12

Substituting the amounts above for the letters in the

November 1943

formula, the formula suddenly looks like something comprehensible.

$$i = \frac{2 \times 6.00 \times 12}{(12+1) (100.00 - 6.00)}$$

Solving: Now perform the steps in parentheses first ("algebraically" if you want to make it sound technical).

$$i = \frac{2 \times 6.00 \times 12}{13 \times 94.00}$$

From here on it is easy—straight arithmetic.

$$i = \frac{144.00}{1222.00}$$

$$i = .1178$$

This answer is now in decimals. To convert it to per cent, move the decimal point two places to the right. The answer is:

$$i \text{ (the effective rate)} = 11.78 \text{ per cent}$$

* * *

If the instalment periods are in even months, $n=12$, so the above formula reduces to:

Formula No. 2

$$i = \frac{24 D}{(p+1) (A-D)}$$

Substituting the figures in the above example:

$$i = \frac{24 \times 6.00}{(12+1) (100.00 - 6.00)}$$

Solving: The solution is the same from here on as in the above example, so

$$i = 11.78 \text{ per cent}$$

* * *

Take another example in which the loan is for less than a year—nine months—and repayable in semi-monthly instalments:

i = effective rate
 A = amount of note—\$100
 D = discount in dollars—\$4.50
 n = number of equal instalment payments per year—24
 p = number of instalment payments to maturity—18

Substituting these amounts in Formula No. 1:

$$i = \frac{2 \times 4.50 \times 24}{(18+1) (100.00 - 4.50)}$$

Solving:

$$i = \frac{216.00}{19 \times 95.50}$$

$$i = \frac{216.00}{1814.50}$$

$$i = .119 \text{ or } 11.9 \text{ per cent}$$

If the same (or a constant) discount rate is used in making instalment loans regardless of the length of the loan period, the effective rate will increase where the term of the loan also increases.

* * *

To determine discount on instalment loan to yield a given effective rate

Sometimes it is desired to lend at a discount rate such that the *effective rate will remain the same* regardless of the life of the loan. This would necessitate a changing discount rate as the term of the loan also changes. To accomplish this, decide on the desired effective rate and use the following formula to compute the discount rate:

Formula No. 3

$$D = \frac{iA(p+1)}{(2n) + [i(p+1)]}$$

Illustration: We know from the illustration under Formula No. 1 that the effective rate is 11.78 per cent on a 6 per cent discounted loan for one year repayable in equal monthly instalments. Suppose the loan were for two years, what would the discount have to be to yield an effective rate of 11.78 per cent?

D = discount in dollars

A = amount of note—\$100

i = effective rate—11.78 per cent (.1178 in decimals)

n = number of equal instalment payments per year—12

p = number of equal instalment payments to maturity—24

Substituting amounts for symbols:

$$D = \frac{.1178 \times 100.00 (24+1)}{(2 \times 12) + [.1178 (24+1)]}$$

Solving (operations in parentheses first)

$$D = \frac{.1178 \times 100.00 \times 25}{24 + [.1178 \times 25]}$$

$$D = \frac{294.50}{24 + 2.9450}$$

$$D = \frac{294.50}{26.9450}$$

$$D = \$10.93$$

* * *

To translate discount in dollars into a discount rate

If the loan is for a period longer or shorter than a year and it is desired to translate the discount in dollars into a discount rate per annum, use the following formula:

Formula No. 4

$$d = D \times \frac{n}{p}$$

Illustration: using the preceding example:

d = discount rate per annum

D = discount in dollars—\$10.93

n = number of equal instalment payments per year—12

p = number of equal instalment payments to maturity—24

Substituting amounts for symbols:

$$d = 10.93 \times \frac{12}{24}$$

Solving:

$$d = \frac{10.93}{2}$$

$$d = 5.47 \text{ per cent}$$

* * *

To determine interest rebate due on instalment loan paid prior to maturity (78ths method)

The "78ths method" of rebating instalment loan charges when the loan is paid prior to maturity may be solved by formula as follows:

Formula No. 5

$$R = \frac{s(s+1)D}{p(p+1)}$$

Illustration: A loan of \$100 for one year repayable in equal monthly instalments was made and \$6 discount deducted. The borrower paid each instalment when due and at the end of the ninth month paid the entire balance of the loan. What is the amount of loan charge to be rebated?

R = rebate of loan charge in dollars

D = discount in dollars—\$6

p = number of equal instalment payments to maturity—12

s = number of equal instalment payments not yet due—3

Substituting amounts for symbols:

$$R = \frac{3(3+1)6.00}{12(12+1)}$$

Solving:

$$R = \frac{3 \times 4 \times 6.00}{12 \times 13}$$

$$R = \frac{6.00}{13}$$

$$R = \$4.6$$

* * *

To determine gross charge rate

Ordinarily an instalment loan is discounted so that the borrower receives the balance after the discount has been deducted from the face amount of the loan. Thus, if the loan is \$100 and the discount is \$6 the proceeds of the loan received by the borrower is \$94. It may be that the borrower may want to receive \$100. What would be the rate (gross charge) to be added to the \$100? It may be computed as follows:

Formula No. 6

$$g = \frac{m(p+1)d}{13(1-d)p}$$

Illustration:

g = gross charge rate

d = discount rate in decimals—.06

m = number of months to maturity—12

p = number of equal instalment payments to maturity—12

Substituting numbers for symbols:

(CONTINUED ON PAGE 84)

State Association Activities

50-50 Plan

The granting of cash and merchandise awards to farm youth organizations in recognition of achievement has always proven a helpful factor in banking relationships. To lend further support to this more or less widespread practice, the Committee on Agriculture, ILLINOIS BANKERS ASSOCIATION, has appropriated a fund from which each county or federation offering farm youth achievement prizes will be granted up to \$15 as the association's part in the project, provided that the local group offers at least a like amount. This plan is an interest-booster; it encourages every county to participate and it ups the ante for the hard-working youths.

Competition Committee

The MICHIGAN BANKERS ASSOCIATION is joining the

number of associations which have special committees on the Government competing loan agencies. Association president Rudolf Reichert recently announced that Herbert G. Bacon, cashier of the Lake City State Bank of Lake City, has accepted the chairmanship of the new committee.

Mortgage Folio Source

A new source for real estate mortgage folios is being tapped by a number of member banks according to a recent report of the SAVINGS BANKS ASSOCIATION OF MAINE. This group is going after selected loans made by HOLC. Many of these mortgages have by this time become somewhat improved, and it is noted that in other states some savings banks have boldly advertised for loans of this type.

Blackout

Some members of the VERMONT BANKERS ASSOCIATION have been concerned about the requirement that vault lights be extinguished during blackouts, and feared that a burglary during such a period might affect collection of insurance. Checking up, the association received word from the First Service Command headquarters to the effect that blackout bulbs of low intensity are permitted for bank safe and vault use. In complying with this regulation, the A.B.A. Insurance and Protective Committee does not believe that coverage under any of the standard forms of bankers blanket bonds or the A.B.A. copyrighted form of burglary and robbery policy would be affected by a burglary of a bank vault or safe in the event lights were dimmed or extinguished during a blackout.

Appointees

The CALIFORNIA BANKERS ASSOCIATION, like every other state group, issues an annual bulletin listing the membership of new committees. A point, generally overlooked, appeared in the latest bulletin: It is the list of state members officially connected with the American Bankers Association. This record, which identifies each member with his national committee, can be an important directory of proper contacts not only for state committeemen but the membership at large.

Small Loan Service Charge

Recently the Banking Commission of Wisconsin mailed to all Wisconsin banks an authorization relating to service charges on small loans. This authorization was adopted by the commission in July and was approved by the Banking Review Board. It solves a serious problem for area banks in that adequate charges will compensate for the small interest revenue of certain personal loans. The association's Consumer Credit Committee, after a thorough study of the subject, is preparing to release a bulletin giving definite and detailed information on methods of operation, policy and recommended uniform service charges.

Meet the Secretaries

Savings Banks'

John W. Sandstedt



Whenever the mutual savings banks convene, be it in Maine or Minnesota, chances are you'll find, off in the corner somewhere, a group in a huddle discussing some aspect of savings bank problems. The spokesman (or the best listener) will likely be a youngish man with the bearing of Anthony Eden; you can walk up and say "Hello John," for he's sure to be Secretary Sandstedt of the National Association of Mutual Savings Banks.

John is essentially a career man. He began his trade association work back in 1919, as an office assistant when the Savings Banks Association of the State of New York set up headquarters. He transferred to the national association when it was organized in 1920. At the time the mutual system held a little more than five billion dollars to the credit of some nine million savers.

In 1925 he became secretary of the association, and when the office of executive vice-president was eliminated in 1928, he was advanced again to executive secretary, the new administrative post.

Aside from managing one of the most important trade associations in the country—with assets running well beyond 10 billions of dollars—all we could learn of John's hobbies and interests are that they are all somehow wrapped up in his work.



PHOTOS BY KAUFMANN & FABRY

Bank trust officers attending the Mid-Continent Trust Conference in Chicago

People You Know

ABOUT 600 bank trust men attended the Mid-Continent Wartime Trust Conference in Chicago on October 14-15. The conference was addressed by leading trust, tax and personnel authorities on questions of vital interest to bank trust departments.

Henry A. Theis, president of the American Bankers Association's Trust Division, in addressing the conference on "Fees and Costs," stated in part:

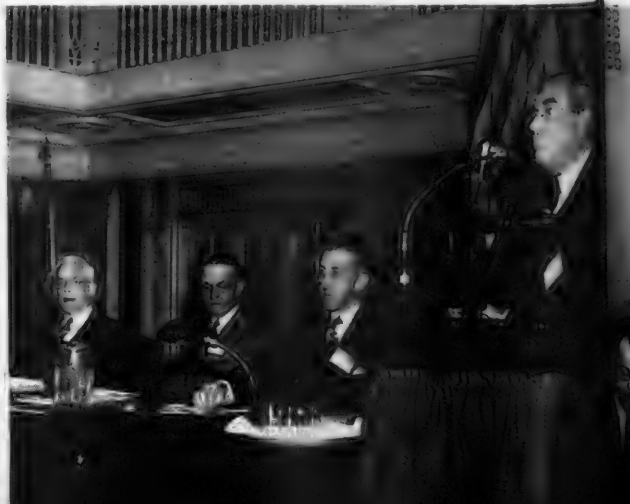
"The first thing to do in dealing with an apparently unprofitable trust department is to find out whether the department actually is unprofitable. This can be done only by initiating a sound cost accounting system; otherwise a trust department may be making money for the trust institution as a whole, while the department itself may appear to be losing money. Such a situation may be due to the fact that the trust

department may be bearing more than its share of the institution's operating and overhead expenses, or the trust department may appear to be making money when it actually is not doing so, because it may be carrying less than its share of the trust institution's operating and overhead expenses. There is no longer any excuse for a trust institution not knowing whether it is making or losing money on its trust business. The accounting formula for the department as a whole suggested by the Committee on Costs and Charges in the 'Guide to Trust Fees with Recommended Cost Accounting System' is easy to apply, and will give substantially accurate results. . . .

"When you have given consideration to all the elements that constitute the economical and efficient administration of trust services . . . you will want to readjust, wherever possible, the compensation on those accounts producing inadequate profit, and those producing a loss."

President Theis addressing the opening session. Other speakers, left to right, Evans Woollen, Jr., president, Fletcher Trust Company, Indianapolis; Chester R. Davis, president, Corporate Fiduciaries Association and vice-president, Chicago Title and Trust Company; John E. Kirk, vice-president, National Bank of Topeka; Merle E. Sealeman, Division secretary

Trust Division Vice-president Frederick A. Carroll (vice-president—trust officer, The First National Shawmut Bank of Boston) presiding at closing session. Other speakers, left to right, William H. Dillon, of Chicago Bar; John E. Blunt, retired—former vice-president, Continental Illinois National Bank and Trust Company, Chicago; and Mr. Sealeman





Washington Chapter, A. I. B., applies Job Instructor training technique to a group of supervisory employees. Clyde Talbert, standing, right, for benefit of class instructs John P. Balster, left, on how to transfer a stock certificate. Trainer Ralph Endicott, extreme right

SINCE the first Job Instructor Training Institute was held by the American Institute of Banking in New York late last summer, Washington Chapter has completed three trainer programs for bank supervisory employees. Twelve persons attend each program of five two-hour sessions. The program will continue so long as the demand exists.

Each person satisfactorily completing the training is certified by the War Manpower Commission as a qualified job instructor. The first three programs were attended by six women and 30 men, ranging in title from vice-president to head teller.

Trainer Ralph Endicott reports: "Individuals attending programs have been unusually enthusiastic. Some have reported applying this method of training in their institutions with definite beneficial results."

To make this trainer instruction available to more banks throughout the country, the national office of the A. I. B. has arranged five additional institutes — in Cincinnati, St. Louis, Houston, Richmond and Atlanta. One was held in Chicago early in September.



ELLIOTT

Lewis F. Gordon, vice-president, Citizens & Southern National Bank, Atlanta, was elected president of Financial Advertisers Association last month in Chicago. (FAA meeting will be covered further in December **BANKING**.)

★

Officers of Mortgage Bankers Association at Chicago convention—left to right, George H. Patterson, executive secretary (Chicago); Harold G. Woodruff, president (Detroit); Charles A. Mullenix, retiring president (Cleveland); L. F. Mahan, vice-president (St. Louis)



KAUFMANN & FABRY

KAUFMANN & FABRY



Commission on Country Bank Operations (Chicago meeting) close-ups. (Story and additional pictures page 47 and 56.) Left, l. to r. Messrs. Hambleton, Bezoier, Stewart, Wetzel and Sealeman; right, l. to r. Messrs. Neumann, Bryan, Thompson and Needham



Leaders of A.B.A. Committees

The following list of important A.B.A. councils, commissions and committees, with their chairmen, supplements the report made by BANKING in its October issue.

Bank Management Commission

WILLIAM A. McDONNELL, executive vice-president, Commercial National Bank, Little Rock, Arkansas

Commerce and Marine Commission

FRED I. KENT, director, Bankers Trust Co., New York

Committee on Consumer Credit

KENTON R. CRAVENS, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis

Committee on Federal Legislation

F. G. ADDISON, JR., president, Security Savings and Commercial Bank, Washington

Committee on Public Education

FRANK M. TOTTON, second vice-president, The Chase National Bank, New York

Committee on Specialty Credits

DAVID C. BARRY, vice-president, Lincoln-Alliance Bank and Trust Company, Rochester, New York

Committee on State Legislation

G. O. THORPE, executive vice-president, First and Lumbermen's National Bank, Chippewa Falls, Wisconsin

Economic Policy Commission

W. RANDOLPH BURGESS, vice-chairman of board, The National City Bank of New York

Finance Committee

W. RANDOLPH BURGESS, vice-chairman of board, The National City Bank of New York

Graduate School of Banking

RAYMOND N. BALL, president, Lincoln-Alliance Bank and Trust Co., Rochester, N. Y., chairman, board of regents

Insurance and Protective Committee

WILLIAM B. GLADNEY, executive vice-president, Fidelity National Bank, Baton Rouge, La.

Public Relations Council
Chairman Neal



Priorities Committee

WILMER J. WALLER, president, Hamilton National Bank, Washington, D. C.

Public Relations Council

W. H. NEAL, vice-president, Wachovia Bank & Trust Company, Winston-Salem, North Carolina



Mortgage Financing—Urban Housing Chairman Williams



Specialty Credits Committee Chairman Barry

Ration, Coupon Banking Committee

WILBUR F. LAWSON, vice-president, First National Bank, Boston

Research Council

LEONARD P. AYRES, vice-president, Cleveland Trust Company

Subcommittee on Agricultural Credit

C. T. O'NEILL, vice-president, National Bank and Trust Company, Charlottesville, Virginia

Subcommittee on Bankruptcy

HOMER J. LIVINGSTON, attorney, First National Bank, Chicago

Subcommittee on Federal Deposit Insurance Study

CLAUDE E. BENNETT, president, Tioga County Savings and Trust Company, Wellsboro, Pennsylvania

Subcommittee on Mortgage Financing and Urban Housing

P. R. WILLIAMS, vice-president, Bank of America N. T. & S. A., Los Angeles

Subcommittee on Postal Savings System

EUGENE ABEGG, president, Illinois National Bank and Trust Company, Rockford, Illinois

Subcommittee on Section 5219 U. S. Revised Statutes

CHARLES P. BLINN, JR., executive vice-president, Philadelphia National Bank

Subcommittee on Social Security

R. E. REICHERT, president, Ann Arbor Bank, Ann Arbor, Michigan

Subcommittee on Taxation

C. FRANCIS COCKE, president, First National Exchange Bank, Roanoke, Virginia

The Freedom to Achieve

A. L. M. WIGGINS

MR. WIGGINS is president of the American Bankers Association and of the Bank of Hartsville, South Carolina.

THE freedom to achieve should be a preface to any declaration about fundamental liberties which free men have the right to enjoy. The freedom of speech and expression, freedom to worship, freedom from want, and freedom from fear, are lofty sentiments, but in effect they all represent a negative approach. Of what significance is freedom of speech and expression to a man who is wholly dependent upon the individuals or agencies which he desires to criticize? What depth is there to the freedom to worship for men who come to the altar knowing that their souls are not their own? How can we talk about freedom from want unless we make an all-out, conscious effort to acquire it for ourselves, knowing full well that it is not within the power of any government to guarantee it? And as to freedom from fear, it comes dangerously close to an abstraction. Fear of what? An enemy, sickness, hunger, death? Or are we talking about the fear lest someone else excel us in skill, ability, generosity, and courage? What hope is there of freedom from fear for a man who is afraid of himself; afraid to risk, to venture, afraid to lose all if necessary; afraid to try; afraid to stand on his own feet?

THE social revolution of recent years has brought new ideas about freedom to large numbers of people to whom doors of opportunity seemed closed. If we really mean in our hearts, freedom to achieve, it cannot be limited to the men who by circumstance of birth enjoy wealth and power. It must include the youth in the lowest social stratum who has the courage, the initiative, and the ability to fight his way up. The barriers to his progress may be government control, regimentation; selfishness on the part of powerful groups, aggregations of wealth, or monopoly. Freedom to achieve is not a privilege solely for the elect. Freedom to achieve is a personal freedom, an individual thing. It must be universal.

The one prime and altogether unique essential in the post-war period of recovery and expansion is jobs. But this does not mean raking leaves or selling apples. It does not mean compulsory labor on government projects at substandard wages, nor does it mean a dictatorial challenge to work or starve. A job in the American sense means an opportunity to fulfill oneself; to do something interesting; to perfect a skill; to compete and to excel. A job means the right to create and to enjoy the fruits of that effort without restrictions. A job means the chance to save and to invest the savings according to one's own judgment, even to the point of risking the loss of all, rather than accepting a program of state investment dictated by decree. A job means the right to go into business for oneself and to compete in fair competition without having to battle the forces

The freedom to achieve is as fundamental as any of the freedoms thus far announced. It is at the base of our independence. It is a quality of character. It is a state of mind. It is a vigorous, virile point of view. The extent to which we accept that responsibility and all of its implications may well determine the course of our economic and political future for centuries to come.

of monopoly with the cruel disadvantages they impose. A job means the opportunity to do according to one's choice, and in the last analysis, the American way means also the right not to work at all, if the individual accepts full responsibility for that decision.

The trouble with most of the discussions of freedom these days is that they are neither frank nor disinterested. We are supposed to be fighting for freedom, but if the sacrifices of this war were to bring nothing but a managed economy in the hands of a superstate, the whole effort would be lost.

We have listened too long to mealy-mouthed words about social welfare. The acceptance of responsibility for the well-being of the handicapped and the helpless is the highest expression of civilization which man has thus far achieved, but unless social welfare can be paid for, it is meaningless. To live in a bankrupt state means to lose all of the benefits of social organization. This is the fundamental reason why "made" work is a fallacy and why subsidies destroy rather than encourage. Wealth has to be created by labor in all classifications, including management, and by sacrifice.

THERE is no doubt but that a totalitarian government can produce, conserve, and employ wealth. Russia has proven this beyond question. But the price is the subservience of the entire population to the will of the state. By the very language of its constitution, the citizen of the Russian state *must* work; furthermore, he must work *when* and *where* he is told, and he must do *what* he is told. The drastic regulation of labor and its activities into which we now move in this country under the necessities of war, has been the prevailing regime in Russia for nearly 15 years.

It should now be perfectly clear that there is no possibility of a state-planned and administered economy which will give the American people the full right to enjoy their freedom.

Concentration of power, whether in government or in business, is the enemy of the freedom to achieve. The people of this nation revolted against the tyranny of monopoly and now they are beginning to revolt against the shackles of the growing superstate.

How to Lose on Ration Reports

MARY B. LEACH

IF your bank is among those "short-changing" themselves under Items III and VIII of the quarterly "Public Voucher for Ration Banking," you stand to lose the amount of your shortage, unless you discover your mistake and file an amended report for the difference with the Office of Price Administration. According to government policy, the OPA will complain only in cases where you err in your own favor and against the Government.

An estimate by a reliable authority in the New York City office of the Office of Price Administration places the number of reports for the last quarter that contained errors of one kind and another at between 15 and 20 per cent. Many were errors in computation.

Under Item III—"accounts carried at 10 cents per account as of the 15th of each month in the quarter"—a sizable number of banks reported only the number of accounts carried at the end of the quarter, rather than the number "as of the 15th of each month in the quarter," thereby losing for themselves valuable revenue.

Another common error was the failure of banks to multiply by three when making their entry under Item VIII—covering the report charge for each bank office at \$20 a month. In at least a few instances, banks completely overlooked the compensation due them for reporting, showing "None" in the total column. The minimum should be \$60 for a bank, without branches, that handles ration accounts for an entire quarter.

Even though the OPA is able to spot errors under Items III (detection possible only in cases where OPA is familiar with a bank and the number of accounts it is handling) and VIII in these quarterly ration banking vouchers, unless the Government is the loser no changes are permissible in the invoices. Banks discovering their own errors may make corrections by filing amended vouchers, showing only the difference between the amounts shown on their original and the amount actually due.

Contract for 900,000,000 red and blue ration tokens made of vulcanized fiber, each valued at one point, has been awarded to Osborne Register Company, of Cincinnati, at a cost of \$1,300,000. The tokens will be introduced in February to supplement ration stamps.

There will be 400,000,000 blue and 500,000,000 red tokens. With the introduction of the tokens, red and blue ration stamps will be revalued at 10 points each.

Tokens will be slightly larger than a nickel, but thinner than a dime, and will glow in ultra-violet light. The glow, which makes counterfeiting difficult, results from fluorescent qualities of the material, which the manufacturers have agreed not to produce for anyone but Osborne Register for the duration of rationing.



WIDE WORLD
New York District OPA Director Frank C. Russell testing scales used to weigh ration coupons in checking accuracy of counts

The OPA also calls attention to tardiness on the part of many banks in filing their monthly statistical reports. Readjustments in allotments of commodities for public consumption and the revaluation of ration points are based upon the data in these reports. If they indicate that sales of rationed commodities exceed replacement inventories for these items, an adjustment, of course, is necessary.

A sizable percentage of these statistical reports also contain errors, placing a burden on the OPA in making corrections. Here are a few examples of the types of errors made:

Under Item X, on the monthly gasoline report, one bank reported an inventory of 50 purchase permits. These forms had not yet been released by OPA and consequently the bank could not have a supply on hand.

Another bank failed to give a detail of the types of evidences deposited, showing only a total, which the OPA had to set up as "unclassified." Consumption in the states is reflected in this classification; hence the importance to OPA that it get an accurate detail.

In other cases, banks have left off all ledger balances on their various commodities, thus turning in incomplete reports. In these instances the OPA has to go back to earlier reports and attempt to reconcile the later return. These ledger balances are important because they represent a possible drain on commodities.

In reporting, some banks send both an original and a duplicate. In a few instances these duplicates have gone into the works, causing confusion which takes valuable time to eliminate. The OPA wants only one copy of each report.

These and other common errors found in the banks' reports are listed in OPA's Information Memorandum No. 17.

The Country Banker

"Action and Results"—Country Bank Goal

J. E. DREW

MR. DREW, a deputy manager of the American Bankers Association, is secretary of the Commission on Country Bank Operations.

THE Commission on Country Bank Operations believes in action and results. Within three weeks after its appointment by President A. L. M. Wiggins, the Commission held its organization meeting, surveyed the problems of country banks, defined its scope of operation, agreed on an immediate action program, assigned tasks to subcommittees, and went home determined to do an outstanding job for the benefit of country banks.

Realization of the responsibility of membership on the Commission and keen interest in its plans and work were indicated by the presence of all but one of the 17 members when the Commission held its organization meeting in Chicago on October 11 and 12.

THE Commission was well chosen to represent country banks and to work in their interest. Seventeen states are represented and the members are active officers in banks in the smaller communities of these states. They come from towns that seldom make the headlines in the metropolitan press.

These men are real country bankers. Two have worked in country banks for 43 years—seven have served from 24 to 39 years—and three have devoted 20 years to country banking. Two members have had long experience as bank examiners, and one was Commissioner of Banks for his state.

Although agriculture is a major interest of most of the members of the Commission, their activities extend into many other fields. Some members of the Commission report their daily work concerns manufacturing, shipping, mining, oil, and railroading. In agriculture they specialize in such crops as corn, grains, beans, cotton, tobacco, alfalfa, fruits, vegetables, grapes, and potatoes. They are thoroughly familiar with dairying and are experts on hogs, cattle, sheep, and poultry. All handle

normal commercial and savings business, and some have trust departments.

In opening the meeting Kenneth J. McDonald, chairman of the Commission and president, Iowa Trust and Savings Bank, Estherville, pointed out the important place that country banks occupy in the national economy and expressed the determination that the Commission would be their spokesman and their champion and would work to help solve the problems that now confront them.

The scope of the commission, he declared, is as follows:

"Except in so far as specifically delegated to other functional bodies of the American Bankers Association, the principal work of the Commission shall be directed to the consideration of problems of country banks; to the research and development of improved methods of operation and increased earnings; to the creation of a means for the expression and exchange of ideas among country banks; and to coordinate and present to the country bank members all of the work of the American Bankers Association which affects them. This Commission shall be a working body representative of and working for the interests of country bankers."

President Wiggins reviewed the earnings record of country banks in recent years and discussed the dual nature of the problem of government subsidized com-

(CONTINUED ON PAGE 56)

The Commission on Country Bank Operations at its organization meeting in Chicago. President Wiggins and Chairman McDonald are seated at the end of the table

KAUFMAN & FABRY



At the County Fair

THESE pictures tell the story of dairy progress in central New York from the old clapboard, tar-papered shed of 1838 to the modern industry it represents today.

They are views of an educational exhibit, inspired and staged by C. C. Henderson, Farm Service Department manager, First National Bank of Cortland, for the 105th annual Cortland County Fair.

Mr. Henderson and his co-workers, representing the County Fair Association and the Pomona Grange, combed the countryside for items of interest. They found truck-loads of old home-made dairy equipment hidden away in old farmsteads and deserted barns.

Some things, like the barn and spring house (*below*), were carted away bodily.

Modern machine equipment was borrowed from local creameries, while a number of the large dairy companies furnished a generous quantity of product samples.

Educational display units containing an interesting collection of drug and by-products made from milk were loaned by the State Agricultural College. All of this was tied in with State's milk promotion campaign.

As an attention-getter, this exhibit won top honors. As a tribute to the dairy industry, it was greatly appreciated by all whose interests lie in this field.



This old shed was found in a remote section of Cortland county. It once housed a nondescript breed like the one pictured here



An 1838 spring house, removed from another section of the county, shows an old fashioned wood winch and some battered pails

Up-to-date stable with blue ribbon breeds: Holstein, Ayrshire, Guernsey and Jersey. A daily demonstration of modern machine milking was given for visitors at 4 P. M.



A far cry from the old "swab" method is this modern can washer and vat pasteurizer





This section of the exhibit contains a unique collection of old-time farm equipment. In the foreground is a Davis swing churn, butter worker, and in the background is Gail Borden's original stove and condensery pans, with the first Borden Company push cart



One of the first wagons to deliver milk from dip cans in rural communities, when retail selling of dairy products was born



A close-up of a dog-tread churn—one of the first labor-saving devices invented



Quaint, antiquated tools like these were the forerunner of a vast industry. Cortland County is one of the leading producing areas for dairy products in central New York

A complete display of modern dairy products—fresh, canned, and dehydrated. Section at right is a portable educational display of chemical properties. On wall are several promotional posters from New York's "Drink More Milk" campaign



Financing the Biggest War Plant

This is a continuation of the North Carolina banker panel discussion of "Government Lending and Government Competition" by E. A. Howton and F. P. Spruill, of Rocky Mount; Gordon C. Hunter, Roxboro; Garland Johnson, Elkin, and R. E. Prince, Fuquay Springs. The remarks of Messrs. Howton and Johnson appeared in October BANKING.

Mr. Hunter!

"They seem to have cars, gas and tires to solicit loans. . . . We had five livestock loans financed until November of this year. These were taken up by the PCA. . . ."

OUR county's chief crop has been bright leaf flue-cured tobacco. Several years ago we started working with the 4-H Club boys and girls in the county in cooperation with the assistant farm agent. We helped finance pigs, baby beeves, chickens, cows and tobacco. We loan boys and girls money for these projects, when recommended by the assistant agent or agricultural teacher, without the signature of parents.

Legally the notes would not be collectible. They are for small amounts, and so far the bank has never lost a dollar when dealing with these young people. They are taught to keep books accurately, and to pay their debts, we consider it excellent training for the future farmers.

We have quite a bit of competition from the PCA. They seem to have cars, gas and tires to solicit loans. This year we had five livestock loans financed until November of this year. These were taken up by the PCA. In talking with the makers of the notes, they stated that they were solicited on the street by their friends working for the PCA. After rebating the interest, it cost each farmer several dollars to make the change. In our county, farmers make an appraisal for the PCA on livestock and receive a fee. They are, therefore, interested in obtaining all the loans they can in order to get the fee. Whenever we can, we figure the hidden cost in connection with the PCA loans for our farmer friends and then show them our cost. In this way, we are taking loans away from the PCA each year.

Our county employed a home demonstration agent, Miss Velma Beam, to work with the farm women and teach them how to can vegetables, fruits and, particularly, meats. Up to this time, many farmers, particularly the poorer class, were not attempting to can any food. In cooperation with the home demonstration agent, we bought four steam pressure canners as an experiment, to be loaned out to the home demonstration clubs in the county. These proved so successful the first year, that we bought four more the next year. They are

loaned from home to home, and are responsible for about 1,000 quarts of preserved food each year.

As these were demonstrated, families in the county who could afford to buy them did so for their own use.

We have a number of good Negro farmers. If their record for honesty and trustworthiness is good in their community, we do not hesitate to loan to them. We have one Negro tenant family that was very much in debt, and was raising only tobacco. We persuaded him to diversify, made him a loan of \$100 to buy chickens to start him off in a small way. Today, four years later, he has approximately 1,000 chickens, 15 head of cattle, he has bought a tractor, has eight head of mules, has sufficient canned food to last him for a year, has 15 or 20 head of hogs, and is in the best shape financially that he has ever been in his life.

We have two white boys who were the first to start raising chickens commercially in the county. They bought and paid for a farm each, one of them before he was 21 years old; the other was about 22.

Through the cooperation of our Negro county agent and the officials of our State College in Raleigh, we have purchased 60 head of Jersey heifers, six months old, in Mississippi. These will be distributed among the Negro farmers in the county. Some of them do not have a milk cow at the present. They will repay the bank in November when they sell their tobacco. As far as I know this is the first time a program of this kind has been financed by a bank in North Carolina.

Mr. Prince!

"Today the banks own 23 registered bulls and boars . . . all placed without any investment on the part of the farmer. . . ."

PRODUCTION Credit associations are competing with banks by actively soliciting loans by means of radio, mail, and personal contact. One of my good friends told me that the secretary of the PCA in his county would approach him every time convenient and inform him that he had funds earmarked for him and that he would appreciate his coming to see about the loan at his earliest convenience. This same secretary inquired of a local farm machinery dealer why he sold a certain farmer's machinery note to our bank when he knew that his association wanted all of that man's paper.

Our bank has never allowed the PCA to get much business in our trade territory for we have always tried to meet the needs of our farmers since the organization of PCA. This year we are making a record of every PCA loan and expect to contact the borrower before next year

in an effort to get as much of that business as possible. So far as we know only 21 PCA loan checks have been handled through our bank this year, while our bank now has 1,400 loans to farmers outstanding for more than \$350,000.

I would have no objection to the PCA if they were forced to pay taxes in the same manner as banks and operate with capital funds furnished by the association rather than the Federal Government.

For years our bank has recognized the need for improved livestock in the territory. Last Fall we requested the state swine and cattle specialist, two county agents, and the local agricultural teacher to meet at our bank to discuss such a program. We informed these men that our bank wished to purchase a number of registered breeding animals for the trade territory. They were authorized to use their best judgment in purchasing the animals, though not to sacrifice quality in making purchases as reasonable as possible. It was decided that we would confine the project to two breeds each of cattle and swine. For the dairy cattle we chose the Guernsey and for the beef cattle the Hereford. We chose the Poland China and the Hampshire for the swine.

This stock was all placed without any investment on the part of the farmer. We found the farmers very co-operative in accepting these animals for the use of their farm neighbors. The bull or boar will remain at the same location for a period of two years and the caretaker is given privilege of purchasing the bull or boar at original cost to the bank without interest at the expiration of the two years. Should the farmer decline the offer, then the animal will be moved to another location and remain there so long as the service is needed. The bank set the service fee at \$2, all of which goes to the caretaker to defray his expenses in caring for the animal. Our bank guaranteed each farmer accepting a bull or boar that he would suffer no financial loss.

To encourage the use of this breeding stock the bank agreed to pay 50 cents of each service fee during 1943, thus reducing the cost of service to the farmer to \$1.50.

Our goal for the year was 500 services; however, we are fast approaching that figure and no less than 750 services will be made during 1943.

RECOGNIZING the urgent need for additional cows and young heifers to breed to the registered animals we had purchased we made plans for the purchasing of a carload for resale. Accompanied by two county agents with whom we were working on the livestock project, I went to the Sweet Water Valley of Tennessee to buy our first carload of stock. We shipped them and three days after arrival offered them at public auction in one of our local tobacco warehouses. The sale was well attended and all cows were sold without any difficulty. We announced at the beginning of the sale that in the event the cows brought more money than the bank had invested we would refund pro rata per head of cattle. Had we not lost one of the finest cows from injury, no financial loss would have been sustained. This loss did not discourage us though, and since that time I have made three trips to Rowan County, North Carolina, and two to Virginia, being accompanied on each trip by the two county agents. We sold 201 cows and

heifers at four auction sales and on the last three were able to refund nearly \$1,000 to purchasers.

Our bank does not hope to recover the original investment in this livestock program for the animals will no longer be of serviceable age when we hope to dispose of them, so we have written off approximately \$3,000 of the original cost.

Mr. Spruill!

"After nearly 40 years in dealing with the farmers ... I believe the PCA should ... confine itself to emergencies and carry out the intent of the law ..."

FOR the three counties of Nash, Edgecombe and Wilson in this state, served by the Rocky Mount Production Credit Association, there was loaned for 1943 about \$700,000 made up of about 1,000 loans, and for Rocky Mount trading territory, covering a part of Edgecombe and all of Nash counties, about \$400,000.

The local commercial banks are willing to make practically all of these loans as the loans were made to farmers of good character and good ability to operate their farms. As evidence of this, our own institution has loaned for 1943 for farming purposes, within the territory in which we operate, \$750,000 to about one thousand borrowers, at as good or better rates of interest. This, without any appraisal fee or service charge and, at the same time, we furnish to these borrowers regular commercial banking facilities.

The five directors of the local PCA live in five different sections of the trade area covered by the Rocky Mount Production Credit Association and these directors actively solicit loans from the farmers.

In one case, we had been making loans each year to one of our regular farmer bank customers, secured by crop lien and chattel mortgage, for the purpose of farming operations, but in addition to the crop lien and chattel mortgage we have required the signature of the mother since the land is in the mother's name. A representative of the PCA went to see this customer and offered to make the loan without a crop lien, chattel mortgage or the signature of the mother, taking instead an open note from the operator of the farm.

The banks further feel that these Federal subsidized lending agencies were created to take care of an emergency and during this emergency served a good purpose and since this emergency has passed, the taxpayers' money should not be used for the operation of Federal lending agencies in competition with banks, which are rendering a real service to the Government in selling War Bonds, in buying to the limit U. S. bonds, as well as handling the various ration accounts, etc.

After nearly 40 years in dealing with the farmers and knowing their needs and abilities to pay, I believe the Production Credit Association can serve a well and true purpose if it will confine itself to taking care of emergencies and will carry out the intent of the law in taking care of borrowers who are not in a position to borrow from commercial banks.



Merchandising Country Bank Services

November is "Food Fights for Freedom" month. Lend your support to the slogan—Produce, Conserve, Share and Play Square—the national educational campaign theme to be sponsored by the War Food Administration.



Some Farm Facts

In 1943, American farmers are marking up an all-time production record; it is an achievement that reflects the scope of activity and cooperation of our country banking.

In a special release to BANKING, the Department of Agriculture's AAA reports that last year's peak has been topped by 4 per cent, and the average for 1935-39 by 31 per cent. While some of the food crop harvests have been smaller than in 1942, the continued rise in meat production more than discounted them.

Leading the parade of "record-breakers" among the crops are Irish potatoes and dry beans, each with a 17 per cent increase over 1942, sweet potatoes with a 10 per cent increase, dry peas nearly one-third more than last year, peanuts setting an all-time record 21 per cent greater than the previous peak, and canning crops such as snap beans, green peas and beets, up 7 to 11 per cent. Other crops have also surpassed their 1942 harvest to a lesser degree, while corn will show the second largest

crop since 1920, although it is slightly under last year's all-time record production.

Meat production is up between 20 and 25 per cent over 1942, with an anticipated total for all meats combined of 24 billion pounds. Beef and veal increase is about 3 per cent, while pork has jumped 23 per cent above last year.

Poultry production estimates show an increase of about 24 per cent, with eggs topping all other years for the first eight-month period. They reach 13 per cent over 1942 and 43 per cent over the preceding 10-year average.

Production such as this—the seventh consecutive record year—provides the basis for Uncle Sam's national food program.

Where Food Will Go

THREE-QUARTERS of the total food supply will go to the civilian consumer. He will eat well this Winter even if he does find on his table more cereals, dry beans and soybeans, enriched breads, crackers, oleomargarine, potatoes and peanut butter than he ever saw there before.

Meat consumption probably will be somewhat less per capita than in 1942, with the exception of pork. Chicken, eggs, fluid milk, canned vegetables, canned juices, dried fruits and fresh citrus fruits will be consumed in about the same per capita quantities as last year.

Dairy products, fresh fruits and vegetables, turkeys and broilers will be available in smaller amounts, according to present estimates. Reasons for this include: the need for fluid milk is curtailing its use to manufacture dairy products, transportation problems will affect the moving of fresh fruits and vegetables to distant markets, the War Food Administration is urging poultrymen to save their broilers for egg production, and the turkeys are being diverted mainly to the Army, so that every soldier overseas will eat turkey at Thanksgiving and Christmas.

About 13 per cent of the total food supply will go to the armed forces, and 10 per cent to our Allies to help meet their food needs. The latter distribution, however, will be made in full, it is announced, only if the needs of America's fighting men and civilians have first been met. The remaining 2 per cent of the food goes to normal trade outlets and for distribution such as that by the Red Cross.

The production job projected for 1944 calls for a record planting of some 380,000,000 acres. It is the goal of American farming and a challenge to the resources of country banking.

Farmer-Banker Relations

KEY BANKERS, whose responsibilities as liaison officers between agricultural and banking interests have multiplied greatly in the last few years, find a helpful guide in a recently issued manual on "Better

Farmer-Banker Relations," issued by the NEW YORK STATE BANKERS ASSOCIATION.

This 24-page booklet covers every phase of key banker activity and briefly summarizes the aims, methods and policies of the principal branches of the State Extension Service, the Federal "action" agencies, and the farm organizations. It lists various sources of information on farm topics, and makes practical suggestions for improving relationships between bankers and farmers within a community.

For ready reference, the back section of the booklet contains forms for the name, address and phone number of the leaders of the principal Extension Service departments, Federal agencies, agricultural groups and organizations in the county, which may be filled in by the key banker for his personal use.

Premium

NOT TO be outdone by the variety of objets d'art, curios, and gimcracks offered for sale to War Bond buyers, the FIRST NATIONAL BANK of Cape Girardeau, Missouri, made a real contribution some time ago. The occasion was "Neighbor Day," celebrated at Benton, in Scott County, when the local War Finance Committee held an auction sale. To the highest bidder in War Bonds, the bank offered an Angus steer. Addressing a broadside to the farmers of Scott County, the bank explained the reasons for the contribution: first, because of its \$1,278,548 sale record to customers, and the more than \$2 million bonds bought for its own account. Secondly, the bank's interest in promoting better livestock as indicated by its continued cooperation with farm bureaus, the organization of 4-H livestock clubs, farm loans, etc. This bit of publicity was well received.

Community Room

ONE WAY to promote friendly relations with farm groups is cited by the PEOPLES NATIONAL BANK of Lawrenceburg, Indiana. The bank has a "community room" attractively furnished which is made available to all farm meetings free of charge. Being centrally located, the offer of a place to meet for private and general sessions has an especial appeal to farm groups whose budgets are small. Other banks reporting a similar program frequently supply refreshments of coffee and doughnuts. Since one or more officers of the bank staff are active members of these farm organizations, the gesture of offering a meeting place seems more or less personal and carries with it no feeling of direct obligation. Certain country banks have also offered vacant stores or other bank-owned property for similar purposes.

Lend-Lease

NOT A new idea, but one that has worked successfully for the FARMERS NATIONAL BANK of Salem, Ohio, is the lend-lease program for improving local livestock. Briefly, the plan is a restocking arrangement in which the bank purchases pure-bred bulls, loans them to farmers at a nominal cost for a period of four years, with the understanding that upon the sale of the bull the bank is to be reimbursed for the total original expenditure, or if the amount received is less than cost, the bank

receives the whole proceeds of the sale. The only direct obligation for the farmer is that he keep the bull insured during the period it is in his possession.



Emerson J. Boyd (right), president, Ohio Bankers Association, addresses Group VI sessions. Round table discussion leader John E. Wise (left) takes notes during Dr. Eckert's address

Group Meet

MANSFIELD, OHIO, was the scene of a late September group meeting of the Ohio Bankers Association in which representatives of some nine counties participated. War financing, farm production and credit were studied under the leadership of Emerson J. Boyd, president of the state association and president of the Second National Bank of Warren. Guest speakers included Phil S. Eckert, agricultural economist for the Federal Reserve Bank of Cleveland, Louis Bromfield, author and agricultural expert, and Professor Montfort Jones, University of Pittsburgh.

Auctioneer

THE CENTRAL NATIONAL BANK, Columbus, Nebraska, makes a point of its specialty of clerking auction sales. A recent advertisement played up the service angle, offering two members of the bank staff as experienced farm sale clerks who enjoy a wide acquaintance with farmers in the territory. The personality of the auctioneer, as we understand it, has as much to do with upping the bids as the worth of the merchandise offered. An "outsider" or "professional" may do his job well enough, but unless he is known to his audience his chances of getting full values are none too certain. All too often the tricks of a professional auctioneer are resented, and the seller comes away short. Clerking auctions may return only a small fee to the bank, but as a goodwill building service it deserves more than passing attention.

Repair Loans

SINCE this is the season when the wear and tear on farm equipment may be inventoried, the CHESANING STATE BANK of Chesaning, Michigan, puts on a newspaper drive for machinery repair loans. Cautioning against delay, the advertisement stresses the scarcity of metal, and the fact that repairs and replacements will be harder than ever to make as time goes on. Point No. 2 is good farm husbandry of maintaining all equipment in good working order. Point 3 is preparation for the planting season ahead.

Account Book

THE MAJORITY of country banks in Ohio distribute to their customers copies of the Ohio Farm Account Book, published by the State University's College of Agriculture and the Department of Rural Economics. The current edition contains a number of revisions which facilitate income tax information. It is more than an account book; it is, in fact, a farm business record so organized that it will yield data which will permit an appraisal of each operation. Forms and procedures are indexed on the front cover for all phases of farming: dairy, livestock, crops, labor, materials and equipment, investment record, business summary, etc.

No provision is made in the book for recording household and personal transactions, since this information is not needed for the study of the organization and operation of the farm.

Users of the book generally find that their requests for credit are met immediately when the record of their operations are submitted on the prepared forms.

"Banky"

A SHORT while ago the FIRST NATIONAL BANK of Lincolnton, North Carolina, ran an advertisement titled, "I Am the Lady Who Pays for Her Keep," illustrated with the head of a benign-looking cow.

Said the accompanying copy: "My name is Bossy. I like Lincoln County pastures and wish that I and a few of my sisters could come here to live. The folks at the bank said they like the idea and would take a reasonable part in getting us here."

Taking the ad somewhat literally was a letter in the next morning's mail, addressed to "Dear Mr. Banker," outlining the prospect's net worth: some War Bonds and a one-third interest in eight acres of cotton, plus a generous and understanding grandfather. It was signed by a nine-year-old girl.

To make a long story short, the bank replied by return mail, talked things over confidentially with grandpa, and arranged for the purchase of a purebred calf on a \$100 note. Out of appreciation of its service, the child dubbed the calf "Banky."

This little incident—the kind that goes to make up the human quality of country banking—may have passed unnoticed, except that it inspired a follow-up advertisement which upheld an example to the county by reproducing the correspondence which closed the deal.

Broad Service

FOLKS in Pikeville, Kentucky, learned something about their bank the other day which suggests a cosmopolitan flavor in country banking. In a recent compilation of checking accounts, the FIRST NATIONAL BANK discovered it served depositors in some 30 states and four foreign countries in addition to numerous members of the armed forces now overseas. With a headline one would expect to see in a big-city daily, the bank ran an advertisement titled "The First National Serves Depositors the World Over."

"It is a great joy," said the copy, "to serve our folks at home, and at the same time it is a pleasure for us to

serve those in other sections who wish good, safe banking." The ad contained a complete list of the states and countries served with the number of accounts in each location, and the amount of deposits to their credit. The total approached \$800,000.



A sample of the Iowa State Bank's mimeographed house organ with its five-color cartoon illustration described below

House Organ

A DUPLICATING machine is a fairly standard piece of banking equipment for inter-office forms, letters, etc. But if you'd like to see what it can do on a home-made house organ, drop a note to Harold Gilmore, cashier of the IOWA STATE BANK, Algona, Iowa. For the past several years, this bank has issued a customer bulletin, called the "News." It is a stencil job with illustrations in five or more colors—a technique which, they say, can be matched by any amateur operator. By manipulating stencil screen plates, the cartoon illustrations in this publication are reproduced with duo-tone effects, and for its purpose are more appropriate than actual engravings.

Editorially, the "News" is after a chuckle, but here and there you find a news item about the bank, its services, community doings, farm items and so on. It is a "farm door opener" of the type that creates goodwill and gets new business.

Barnyard Chatter

THE PEOPLES SAVINGS BANK of Cedar Rapids, Iowa, leaves the business end of farm credit to its specialized farm service department, where personal contact does the real selling job. But when it comes to the printed sales-message, this bank is neither interested in big space nor bold type. What it has to say is said editorially in a single column of newsprint some eight to ten inches deep, with a familiar masthead titling it "Barnyard Chatter." And chatter it is; the kind you get with your elbow on the fence post and your foot on the lower rail.

Such items as George Baldwin's scheme for cooling hogs during the Summer heat, and John Coxon's yearling Poland China boar for sale, or Harold Krouse's ingenious use of waterproof paper for protecting hay stacks, all inject the homey news flavor. Then there are notices of farm sales, crop news and notes, or a gossip discussion of local farm problems to keep general interest alive. Now and then there's an item about banking.



WAYBILLS WRITTEN BY **RECORDAK** MEET THE PACE OF WAR

BECAUSE a number of big railroads are lucky enough to have installed Recordak at their junction points several years ago, traffic doesn't have to wait while waybills are copied slowly and laboriously by hand.

Recordak does the copying . . . automatically . . . *photographically* . . . at split-second speed.

The camera, of course, can't make mistakes . . . so every copy of every waybill is a complete, and completely accurate, copy. Time-wasting inaccuracies have been entirely eliminated.

* * *

Not the least of Recordak's wartime jobs is to help banks

carry on efficiently under wartime conditions. Recordak is a great labor-saver; it helps small staffs turn out a big volume of work. Mistakes (inevitable with inexperienced workers) are more quickly found, and more easily corrected . . . as Recordak

provides picture records of checks, statements, deposit tickets . . . all items handled.

Savings in machines, stationery, and filing space are impressive; and so is the safeguarding of valuable records. Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.



Among Recordak's outstanding contributions to the war effort—V...—Mail, the microfilmed mail which so swiftly and surely bridges the gap between our boys and their loved ones.

RECORDAK ORIGINATORS OF
MODERN MICROFILMING

Action and Result

(CONTINUED FROM PAGE 47)

petition. He pointed out that the fight must be conducted on two fronts—the legislative at Washington and the home front.

While giving help to the legislative fight wherever possible the primary responsibility of the Commission, he declared, was on the home front. He pointed out that country banks are adequately represented in the Committee on Federal Legislation by the Subcommittee on Agricultural Credit.

The Commission adopted a resolution recommending that all members of the American Bankers Association recognize their responsibility to uphold and actively support the resolution against subsidized and socialized credit adopted at the annual meeting of the A.B.A. by devoting personal time and effort to acquaint farm and business leaders in their communities and members of Congress with the objectives of the resolution.

It then turned to a careful consideration of its job on the home front—meeting competition, increasing earnings, improving operations, strengthening the banking structure, preserving the dual system, and creating good public relations. More than half the conference was devoted to a discussion of the problems relating to these specific types of activities before an attempt was made to formulate a working program.

With this discussion behind it, the Commission went to work on determining its immediate objectives and agreed upon four major projects. Committees were appointed to direct the work.

One of these is the early publication of a merchandising manual, "The Second Front Against Government Subsidized Competition." The material will be based largely on an extensive survey of PCA methods, bankers' activities, and farmer opinion made recently by the Advertising Department and Agricultural Commission of the Association.

The committee in charge of the preparation of the publication and its use when distributed is headed by Claude F. Pack, president, Home State Bank, Kansas City, Kansas, and includes Glenn L. Emmons, president, First State Bank, Gallup, New Mexico; Clyde D. Harris, president, First National Bank, Cape Girardeau, Missouri; C. D. Tedrow, president, Citizens First National Bank, Princeton, Illinois, and R. B. Stewart, president, Miami Deposit Bank, Yellow Springs, Ohio.

A long range program designed to help country banks put their services on a more profitable earning basis was adopted. It starts immediately with a study of bank costs and a committee was appointed to undertake this work. It consists of S. N. Schafer, president, First National Bank, Fort Atkinson, Wisconsin, as chairman; Clyde C. Neumann, executive vice-president, Farmers and Merchants National Bank, Oakland, Nebraska; William C. Rempfer, cashier, First National Bank, Parkston, South Dakota; John Wetzell, comptroller, Bayside National Bank, Bayside, New York.

A Committee on Government Bond Portfolios was also named to assist country banks in profitable management of their government bond accounts. This com-

mittee consists of John B. Sloan, president, County Bank, Greenwood, South Carolina, chairman; Howard Hambleton, vice-president, Citizens National Bank, Waxahachie, Texas; B. M. Harris, president, Yellowstone Bank, Columbus, Montana; and R. L. Eberhardt, executive vice-president, Stockton Savings and Loan Bank, Stockton, California.

A fourth committee, the Committee on Banking Studies, was created to review and promote material of particular value to country banks in the various departments of the American Bankers Association, its library and its Graduate School of Banking, state bankers associations, and in other places where existing material can be put into brief, concise and practical form for use by country banks. This committee consists of R. A. Bezoier, vice-president and cashier, First National Bank, Rochester, Minnesota, as chairman; Tipton E. Burch, president, Security State Bank, Wewoka, Oklahoma, and Eddie Pacot, executive vice-president, Stockmen's Bank, Gillette, Wyoming.

In addition, the Commission directed the preparation of a compact, quick-reading publication that would carry information developed by the Commission for the particular benefit of country banks.

APPRECIATION was extended BANKING for its recognition of the importance of country banking by devoting a section in each issue to developments and activities in this field.

Plans were made for conducting a survey among supervisory authorities designed to reveal their opinion of country bank problems and effective methods of meeting them.

It was carefully pointed out by Chairman McDonald that the work of the new Commission was intended to supplement and not supplant that of other commissions, departments, and committees of the Association. Representatives of other groups whose activities dealt largely with country banks were heard during the conference. These included Otis A. Thompson, chairman of the A.B.A.'s Agricultural Commission and president, National Bank and Trust Company, Norwich, New York; C. W. Bailey, chairman of the A.B.A. Food-for-Freedom Committee and president, First National Bank, Clarksville, Tennessee, and members of the A.B.A. staff.

Four A.B.A. leaders who are helping chart the course for country banks—President Wiggins and Chairman McDonald, seated; Agricultural Commission Chairman Thompson and Food-for-Freedom Committee Chairman Bailey, standing

KAUFMANN & FABRY





The LEGAL ANSWER PAGE



Legal Forms—Dangers

CONTINUING the discussion¹ of dangers in bank legal forms, the remaining danger is for a bank to make a major change in practice without examining its forms. A bank may, for example, adopt the practice of delayed posting under which it will not charge back to the depositing payee or subsequent owner, an overdraft on it, until the day following the deposit. The agreement with the depositor may authorize the bank to charge such an item on the day of deposit. Such a clause was entirely satisfactory under the former practice but must be changed after such a system of delayed posting is adopted.

What practically has this general discussion of dangers in bank forms to do with bank directors? Because of the comparative importance of bank forms, board meetings might periodically be devoted to an examination of the bank's legal instruments. Plan such a board meeting carefully. Each director might be assigned specific forms for study in advance of the meeting.

BANKING will appreciate reactions to this discussion of dangers in connection with bank legal forms. What experience has your bank had in this connection?

Lost or Stolen Instruments

Are the rights of a discounting, purchasing, or pledgee bank superior to those of the owner of lost or stolen commercial paper, such as a check, draft, trade acceptance, note, or bond, or the owner of a lost or stolen stock certificate, bill of lading, or warehouse receipt?²

The bank's rights are superior if the instrument is *fully negotiable*; otherwise the owner has superior rights. If the instrument is *commercial paper* negotiable under the Uniform Negotiable Instruments Act, enacted in every state, the bank is protected under §57. The contrary is true if such paper is non-negotiable, as where the promise to pay is not unconditional.

The bank's rights to a *stock certificate* are not superior unless the Uniform Stock Transfer Act, §§ 5, 7, and 22, or similar legislation makes the certificate fully negotiable. This act does not apply to the transfer in an enacting state of the stock of a corporation of another state without similar legislation, to certificates issued before it takes effect, nor apparently to national bank stock. The Uniform Stock Transfer Act has not been adopted in Delaware, District of Columbia, Iowa,

Kansas, Kentucky, Mississippi, Nevada, Oklahoma, South Carolina, Vermont, or Wyoming. For fuller treatment of the negotiability of stock certificates, see the new "Paton's Digest," Vol. II, pp. 1423 to 1432.

The bank's rights to a *bill of lading* are, under the Federal Bills of Lading Act, §§ 30 and 37, superior. If, however, the shipment is wholly within a single state, the bank is not protected in the absence of state legislation, such as the Uniform Bills of Lading Act, §§ 31 and 38. The Uniform Sales Act has complicated the problem. Sections 32 and 38 of the original draft, approved by the Commissioners on Uniform State Laws in 1906, provide for partial negotiability of bills of lading. However, in 1922 the Commissioners and the American Bankers Association recommended amendments to these sections which would make bills of lading fully negotiable. If the Sales Act sections are enacted in the old form after the Bills of Lading Act, bills of lading are no longer fully negotiable unless the Sales Act expressly provides in §76b or otherwise that such act shall not affect provisions of the Bills of Lading Act. "Paton's Digest," Volume I, pp. 671 to 690, 695, 696, and 711 to 713, contains a treatment of the Federal and the Uniform Bills of Lading Acts, the Uniform Sales Act, and their effect upon negotiability of bills of lading.

The bank's rights to a *warehouse receipt* are not superior to those of the owner in the absence of statute. As originally approved by the Commissioners in 1906, §§ 40 and 47 of the Uniform Warehouse Receipts Act and §§ 32 and 38 of the Uniform Sales Act, make warehouse receipts only partially negotiable. In 1922 the Commissioners and the American Bankers Association recommended amendments to the above sections which would make warehouse receipts fully negotiable. If the state has either the Warehouse Receipts Act or the Sales Act in the old form, careful examination is necessary to determine whether warehouse receipts are fully negotiable. If the Sales Act is enacted in the old form and the Warehouse Receipts Act is later enacted in the new form, warehouse receipts are fully negotiable. If the Warehouse Receipts Act is enacted in the old form and the Sales Act is later enacted in the new form, warehouse receipts are fully negotiable unless the Sales Act in §76b or otherwise provides that such act shall not limit the provisions of the Warehouse Receipts Act. These are applications of the principle that unless the latest statute otherwise provides, it controls earlier inconsistent legislation.

Do you as officer or director know whether your bank takes a risk because bills of lading or warehouse receipts are not fully negotiable in your state? Check with complete information in December BANKING.

¹For the preceding discussion, see the September and October issues of BANKING.

²This question is limited to an instrument which is in such original form or so indorsed that it is a bearer document so that there is no question of a forged indorsement, to a bank which takes the instrument in good faith and for value without notice of the loss or theft, and to an owner who is not barred by his negligence or other conduct from asserting his rights against the bank.

A Home Is for Keeps

MARGARET KANE

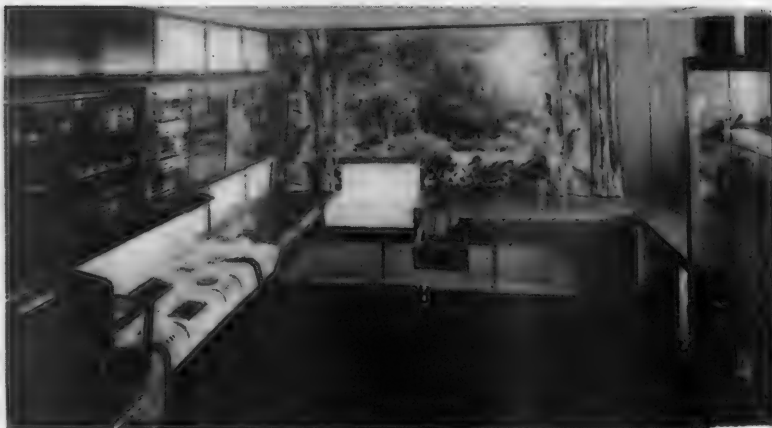
MISS KANE is research assistant in the Mortgage Research and Real Estate Finance Department of the American Bankers Association. Starting with March BANKING she contributed a series of articles analyzing "The Home Mortgage Loan Manual."

WE hear a great deal about the new "Design for Living" which will follow the war. We are told that during the first years of peace there will be made available many new devices for making homes more comfortable to live in and for increasing the efficient operation of the home plant. One thing that is stressed too little is that all of these things are going to cost money, and the paramount question is, "Are they worth the price?"

Bankers, who will do a great deal of the financing of post-war home building, have a special interest in the question of original cost and upkeep in connection with new home equipment.

The acquisition of a home is one of the greatest experiences in life. From the moment the decision to buy or build is made, and the idea thereby changes from an uncertain "maybe" to a definite project, it takes possession of the prospective owner's thoughts and in one aspect or another is with him every moment until its realization. And when, after all the delays, discouragements, and compromises that attend the transaction, the great moment comes when he puts his key into his own front door, he feels that in doing that he has become another person, a solid citizen who owns property and pays taxes and has a proprietary interest in the way his taxes are spent. His house is like no other house in the world.

IF THIS first thrill of home ownership were lasting, mortgagees would have fewer problems. But it does not last. For some owners the satisfaction of owning a home continues to outweigh every disadvantage, even after the experience is no longer new. For others, the difficulties and expenses they did not anticipate, or, in their initial enthusiasm, minimized, daily grow more irksome, so that in time the obligation that they took on so gladly comes to feel like an intolerable burden, and the home seems more like a prison than a refuge.



This model glass "Kitchen of Tomorrow," recently displayed in Toledo, can do double duty as a playroom or study between meals. All units are built in and can be covered.

This is particularly true when the expenses prove, as they sometimes do, to be out of proportion to the owner's income. He thought he had taken everything into account when he added up the payments to be made for interest and principal, the taxes and insurance, the estimates for light and heat. But he finds that, especially where he tried to cut corners on the cost, repairs need to be made surprisingly soon; the monthly bills for operation are higher than he anticipated; and the equipment that looked so impressively efficient when new may not have been built to survive for any length of time the wear and tear of daily use.

Financing a home is not simply a matter of paying off the mortgage. The home must remain livable during the life of the mortgage. Depreciation must be minimized as far as possible by improvements and repairs; the operating equipment must be kept in working order or replaced. All this costs money. The owner and the mortgagee should have as clear an understanding as possible of what it is likely to amount to.

An appraisal of the collateral for a home mortgage loan is a much more complicated matter than it once was. It now has to take into account features that formerly did not exist, and conditions that once did not change as rapidly as now. The environment of the property must be analyzed for present suitability and future changes in value; and the house no longer consists simply of four walls and a roof, but contains as a

matter of course fixtures and working equipment that were unheard of a few decades ago. The combined efforts of invention, mass production, and merchandising have made these installations necessities of modern living. They must be considered an integral part of the mortgaged property, and their financing and maintenance must be anticipated with that of the house itself.

MODERN mortgage lending practice stresses the probability of repayment of the loan in accordance with the contract terms, rather than reliance on recovery through sale of the collateral on default. This emphasis brings into new prominence the importance of the borrower as a factor in mortgage risk. His resources, character, and motives in the transaction are analyzed with care. It is not always appreciated, however, that his income must cover not only the periodic payments on the property as it stands when he takes possession of it, but the monthly costs of operation, and also the inevitable bills for maintenance, repairs, and replacements that come with the passage of time. If these bills are unexpectedly frequent and high, they become a source of irritation and worry on the part of the owner. In time he may begin to wonder what if anything he has gained by tying himself down for years to come with a project that threatens him with such a financial struggle that eventually he may be forced to abandon it and be left with-

(CONTINUED ON PAGE 60)



What's your outfit, Sir?

A man in uniform steps up to the teller's window. "Could the bank cash a check?" He's an unknown—his outfit just moved to a nearby camp.

What to do? The inclination is to be friendly, lend a helping hand to a service man. The banker's instinct says, "No, not without identification or endorsement." But, too often leniency wins and the man gets his money. Professional crooks know this and do not hesitate to trade on patriotism. Often they are apprehended—more often the bank takes a loss.

The Bank Survey offered by companies of the America Fore Group covers Forgery as one of several war-time conditions which must be carefully checked and brought up to date through an analysis of Forgery Insurance requirements. Ask for this complete survey now. It's an asset to any bank.

THE AMERICA FORE INSURANCE AND INDEMNITY GROUP

BERNARD M. CULVER
President

comprising the following companies:

FRANK A. CHRISTENSEN
Vice President

THE FIDELITY & CASUALTY CO.

THE CONTINENTAL INSURANCE CO.

FIDELITY-PHENIX FIRE INSURANCE CO.

NIAGARA FIRE INSURANCE CO.

AMERICAN EAGLE FIRE INSURANCE CO.

FIRST AMERICAN FIRE INSURANCE CO.

MARYLAND INSURANCE CO.

THE AMERICA FORE INSURANCE AND INDEMNITY GROUP
80 MAIDEN LANE, NEW YORK, N.Y.



Gentlemen: Furnish us with further information regarding your complete survey service which is available to all banks without cost or obligation.

NAME OF BANK _____

ADDRESS _____

A Home Is for Keeps

(CONTINUED FROM PAGE 58)

out even the equity he started with.

The mortgagee has an interest in the matter of operating equipment in a house, from two angles: that is, as it affects the borrower and as it affects the value of the property.

The borrower is limited in what he can pay for the house. He probably cannot afford to build the house he really would like to have, nor to put into his house all the conveniences he has fondly dreamed of having it contain. In trying to stretch his money to cover as many

of his wishes as can possibly be realized, he may make the mistake of compromising with quality. This is poor economy. It is to his interest as well as that of the mortgagee to build as well as he can, and to install standard equipment of as good quality as he can afford, even if he has to omit for the time being some items that he would like to include. A smaller house and less equipment, but of better quality, is the answer to the problem of initial cost versus prolonged satisfaction.

Good construction and equipment not only require fewer repairs, but cost less to operate. This is an important consideration in financing a home. According to a study of "Family Expenditures in the United States" made by the National Resources Planning Board in 1941, the total average expenditure for shelter is \$457. Of this, \$248 is for housing, and \$162 is for household operation.

When the expenses of paying for the property and maintaining it become too burdensome, the owner may lose interest in the whole project, and default may easily result. Or he may manage to pay the carrying charges on the property by neglecting the upkeep, and if default eventually occurs the mortgagee takes over the property in a rundown condition.

"The Home Mortgage Loan Manual" recently published by the American Bankers Association, which has been called one of the outstanding contributions to the mortgage finance field, recognizes the factor of operating equipment in mortgage analysis in its section on the rating of the borrower: "The amount of the estimate of the average monthly reserve for repairs and maintenance is determined by the condition of the property and the kind and condition of operating equipment." Heating equipment, electric wiring, cooking facilities, refrigeration, "and any other operating equipment," are mentioned as items that must be checked in making this estimate.

THE initial cost of the operating equipment must not be disproportionate to the other costs, nor to the borrower's income; but at the same time the difference in durability and operating cost between two different makes of equipment may offset some difference in cost. The cheapest is not necessarily the most economical in the long run; and since mortgages are now made for terms as long as 25 years the element of durability and cost of operation and maintenance over an extended period is fully as important in the loan analysis as the original cost.

The necessity of providing housing for war workers in many communities whose temporary over-population may largely disappear when the war is over has brought demountable housing into a fairly conspicuous position in the war housing effort. It may be that after the war this kind of construction will have become sufficiently established to be of some importance in the real estate picture. This, of course, would mean a different approach to mortgage financing.



For Promptness

FOR EIGHTY YEARS promptness has marked the service to correspondent banks of The First of Chicago. Today our Bank and Bankers Division is handling a nation-wide business, and invites accounts upon a basis that so long has proved mutually satisfactory.

The First National Bank of Chicago

Building with Chicago Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Waiting wastes manpower



SPEED at the teller's window has always been important to you and your customers, and now in wartime *this is especially so.*

Many hundreds of financial institutions across the nation use National Window-Posting Machines to save their customers' time and earn their good-will by reducing lost waiting time. *And these institutions are saving their own time, manpower and money, too.*

With the National Window-Posting Machine, each transaction at the teller's window is completed with a maximum of speed and control. The payment, deposit or withdrawal is made, the pass-book mechanically posted, and a correct new balance automatically printed. The machine posts your record of the account, identical with the customer's record, at the same time. . . . "After-hours" posting is eliminated, and balancing is a simple matter because all records are completed at the end of each day.

New tellers become proficient operators with a few hours' practice because the National Window-Posting Machine can be operated efficiently after a few fundamental instructions.

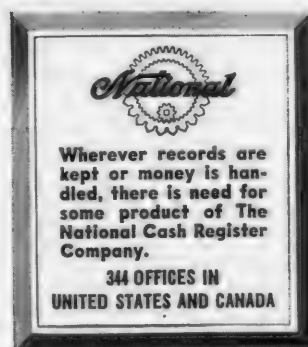
More and more, banks, savings and loans, credit unions and similar institutions have come to rely on this system for their record-making, record-keeping needs.

This is only one of many mechanized systems built by National to save needed man-hours and protect money and records . . . for business, industry, Government and the public.

The National Cash Register Company

DAYTON 9, OHIO

CASH REGISTERS • ACCOUNTING-BOOKKEEPING MACHINES



Our factory at Dayton, Ohio, proudly flies the Army-Navy "E" with three stars ★ ★ ★ for "unceasing excellence" in the production of

precision instruments and other war materiel.

SYSTEMS INFORMATION • SALES
SUPPLIES • SERVICE • REPAIRS

★ BUY U. S. WAR BONDS ★

METHODS *and* IDEAS

WITH THE prospect of a further decrease in the ranks of employees through the drafting of fathers, and the more stringent rules on job control, effective October 15, the bank manpower problem grows more serious. Not banking alone, but all lines of business and industry, including those now engaged in war production, will feel the pinch.

From now on, management's responsibility lies in bringing every employee up to peak efficiency and finding and

training replacements not eligible for military service, nor those affected by the job freeze order—all of which makes pickings pretty lean.

Banks in the designated I, II and III labor market areas have one promising solution in obtaining "locally-needed" ratings through the War Manpower Commission. This rating, it must be understood, refers directly to manpower

and does not assure the deferment of essential employees. Local essentiality is a factor which draft boards take into consideration, but it has no actual connection with Selective Service and in no way binds local boards to delay the induction of employees.

Procedure to obtain ratings consists primarily in presenting a case to the area WMC director by a local group of banks, through the clearinghouse association or other appointed bank committee. These are the three major points upon which the case will be judged:

(1) *War Activities*—List and fully describe all war duties performed by local banks, such as selling War Bonds, handling ration banking accounts, preparing payrolls for industries, handling withholding tax funds, purchasing government obligations, maintaining war loan deposit accounts, providing banking services for war workers, operating an Army Bank facility, making "V" and "VT" loans, financing Food-for-Freedom, and all other war services.

(2) *Efforts to Improve the Manpower Situation*—Present ways and methods used to attract workers to help sustain war services without interruption, such as advertising in the press, employment agencies, school contacts, etc.; methods being used to train replacements, such as study and discussion groups, American Institute of Banking courses; curtailment of "frills" and luxury services; use of women workers; showing increase in numbers and responsibilities (standards), and the number of key employees already in the armed forces. If your bank has appealed to the United States

(CONTINUED ON PAGE 64)

The Syracuse (New York) Trust Company decorates its main entrance with bond booths between columns for sidewalk sales



BANKERS TRUST COMPANY NEW YORK



CONDENSED STATEMENT OF CONDITION, SEPTEMBER 30, 1943

ASSETS

Cash and Due from Banks	\$ 285,954,302.67
U. S. Government Securities	904,937,642.90
Loans and Bills Discounted	505,428,312.30
State and Municipal Securities	28,276,380.65
Other Securities and Investments	49,257,427.78
Real Estate Mortgages	1,232,366.86
Banking Premises	13,926,919.99
Accrued Interest and Accounts Receivable	4,955,374.70
Customers' Liability on Acceptances	970,084.86
Bonds Borrowed	204,000.00
	<u>\$1,795,142,812.71</u>

LIABILITIES

Capital	\$25,000,000.00
Surplus	75,000,000.00
Undivided Profits	23,550,781.83
Dividend Payable October 1, 1943	875,000.00
Deposits	1,664,697,033.29
Accrued Taxes, Interest, etc.	3,254,111.85
Acceptances Outstanding	\$ 1,644,510.24
Less Amount in Portfolio	173,177.59
Liability under Bonds Borrowed	204,000.00
Other Liabilities	1,090,553.09
	<u>\$1,795,142,812.71</u>

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 14, 1943. Assets carried at \$578,299,525.20 have been deposited to secure deposits, including \$560,063,984.67 of United States Government deposits, and for other purposes.

Member of the Federal Deposit Insurance Corporation

*"Why don't they give us checks
we can write on?"*

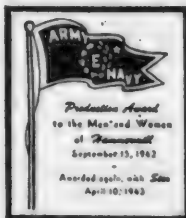


**USE HAMMERMILL SAFETY for its
three-way saving of time.**

- (1) **It saves your customer's time.** No pen-scratching, "feathering," rewriting, with its easy-to-write-on surface.
- (2) **It saves your teller's time.** Clearer, sharper figures mean easy-to-read checks.
- (3) **It saves your bookkeeper's time.** Faster handling and posting, less danger of error.

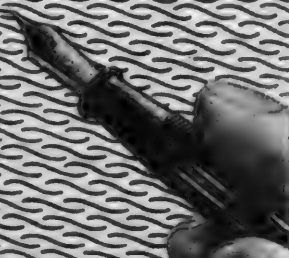
Hammermill Safety saves seconds on every check transaction—seconds count these wartime days of

manpower shortage and stepped-up pressures. Its protective background comes in seven colors for sharp contrast with pen-writing or typing. And it fulfills ABA recommendations for 100% sulphite protective paper. If you are interested in having a 6"x9" sample book of Hammermill Safety paper (free—no obligation—no salesman will call), just write on your bank letterhead. Address Desk K, Safety Paper Division of Hammermill Paper Company, Erie, Pa.



*It's easy
to write on*

**HAMMERMILL
SAFETY**



MANUFACTURER OF PAPER FOR BUSINESS USE SINCE 1899

METHODS—Continued

Employment Service for assistance that point should be listed as it will carry considerable weight.

(3) *Extending Work-Week*—Banks should show how they have extended their work-weeks as far as is consistent with services rendered, number of employees, and equipment. Banks should be on the prescribed 48-hour week.

As of October 15, banks in the following cities had qualified and been granted "locally-needed" ratings: Waterbury, Connecticut; New Britain, Connecticut; Salt Lake City, Utah; Spartanburg, South Carolina; Lima, Ohio; Mobile, Alabama; and Dayton, Ohio. A number



California Bank of Los Angeles won honorable mention in the Max Schmidt Memorial Award for its checking account billboard. Left to right, president M. W. Heaton, Pacific Advertising Association, Rod Maclean, advertising manager of the bank and F. L. King, executive vice-president

of others are reported under consideration.

The Season Ahead

THERE WON'T be as many sidewalk Santas as there used to be, goods for gift-giving will be more scarce, decorations and displays will have to observe the dimout, shades will be drawn on brilliantly lighted trees, and there will be many a vacant chair by the hearthside; but none of these things will dampen overlong the old Yuletide spirit that is as American and democratic as it is Christian. Christmas is a common bond among all peoples; prayers for peace will be voiced sincerely even among the enemy. It is a time of hope, and more than ever in this modern world it will be less commercial and more a season of sentiment.

Traditionally, we discover, bank lobbies will be bedecked in holly, with pasteboard Santas, yule logs, red ribbons and bells. Christmas club banks will empty many millions of dollars. Gift bill and coin containers will be distributed, and all the old flavor of the season will return.

As far as we can gather, job No. 1 on the bank calendar will be to promote the sale of War Bonds as Christmas gifts, through club checks, direct mail, radio and other media. Emphasis will be against over-spending as an inflation check. Thrift and investment will be the preaching and advice.

Goodwill

HERE'S A CASE of goodwill advertising with the whole town behind it. It happens once a year in Fort Smith, Arkansas, under the sponsorship of six local firms, two of which are banks. To get the complete picture of this proposition it is best to start with the beginning of the idea some five or six years ago when times were tough.

One bright spring morning Harry Huey, local advertising manager of the two Fort Smith dailies, was passing by the local high school on the day before

(CONTINUED ON PAGE 66)



Wherever business is done . . . that is where you will find *Parsons Papers*, in war plants, in accounting offices, banks and shops—at home and around the world these quality papers are contributing their share to the winning of the war.

For 90 years Parsons have maintained the highest standards of quality and uniformity. Strong cotton fibers, unexcelled production facilities go hand-in-hand in making business papers that will *stand up* and do a job efficiently and economically. Ask your Printer or Lithographer to use the proper

Parsons Paper

Specialized for Modern Business

BOND PAPERS

For correspondence, documents and forms of every description

LEDGER PAPERS

For accounting systems, records, certificates and other permanent needs

INDEX BRISTOLS

For machine accounting, index record cards and general uses

TECHNICAL PAPERS

Made to your specifications for all types of special requirements

PARSONS PAPER COMPANY • HOLYOKE, MASS.

Just a Simple



of the Wrist -

ASK FOR YOURS



Studies in time-money saving are available as follows; check and pin on your letterhead: Inventories ☐, Costs ☐, Payroll & Personnel ☐, Plant & Equipment ☐, Purchases ☐, Production ☐.

There's no waste motion. Seated comfortably, she picks the card from the wheel—finds or posts her information . . . then quickly snaps the card back on again. With Cardineer, one girl often does the work of two. Actually saves 40% in manpower and time. Compact, portable, holding 6,000 cards in seven removable sections, Cardineer eliminates drudgery in filing, finding and posting. Easily adaptable to your present records. Ready for *immediate* delivery. Used in hundreds of banks and offices where maximum efficiency is the prime requisite. Order now.

DIEBOLD, INCORPORATED • CANTON, OHIO
Formerly Diebold Safe & Lock Co. • Branch Offices in Principal Cities
PRODUCERS OF METHODS EQUIPMENT AND OFFICE ACCESSORIES



DIEBOLD ARMOR
for America's Armed Forces

We are operating all our plants 24 hours a day, making armor plate for U.S. planes, scout cars and half-tracks.

DIEBOLD
Cardineer
ROTARY FILES



Buy War Bonds

METHODS—Continued

commencement. He was impressed by the enthusiasm of the youngsters going through a rehearsal of commencement exercises. He thought: "The world is a pretty poor oyster for such an eager group—no jobs, little future."

Obedient an impulse, he checked with the principal and found that out of the average class of 300 only one-third was certain of going to college, another third had slim hopes, and for the rest it was impossible. Checking further he found that each student cost local taxpayers about \$650 by the time he became a high school senior. He reasoned: \$650 times 200 students is too big an investment in education to let slip away.

The result of this investigation led to a double truck advertisement co-sponsored by the two banks and four merchants. It featured photographs and thumbnail sketches of each student, giving his name, address, phone number, parents' names, his major and minor subjects, typing speed, dictation, type of job preferred. The data covered every point of qualification of interest to a prospective employer. Reaction to the first advertisement was so well received that the plan has been continued annually.

There have been several results of this unusual piece of goodwill promotion. A business man thinks twice in Fort Smith before turning down one of these hopefuls. Taxpayers are awakened to the wisdom of keeping their investment in town, rather than letting it get rooted elsewhere. On two occasions the principal received offers to hire the entire graduating class en masse.

Endorsement

THE HUNTINGTON NATIONAL BANK of Columbus, Ohio, uses the following copy on a rubber stamp as an endorsement for checks received for withheld taxes:

Credited to the Account

The Federal Reserve Bank Fiscal Agent
Withheld Taxes

Date
Original Receipt No.

The Huntington National Bank
Columbus, Ohio

This stamp, says the bank, answers the question most frequently asked: "After we send Original Receipt to Collector of Internal Revenue at the end of each fiscal quarter, how do we prove we had a receipt in the first place, should it become lost or mislaid?"

(CONTINUED ON PAGE 68)



Every article issued to a soldier, from neckties to field equipment, is included in this display at the Baltimore National Bank, Baltimore, Md. The material was loaned through the courtesy of the nearby Aberdeen Proving Grounds

PLEASE LIMIT YOUR CALL TO FIVE MINUTES

When a Long Distance circuit is crowded the operator will say: "Please limit your call to five minutes."

Observing this time limit on essential calls, and avoiding all unnecessary calls, will help the whole war effort.



BELL TELEPHONE SYSTEM



BANKING



• If you are in need of Adding Machine Equipment you are privileged to enter with the war production board an application on Form PD-1688.

Call our nearest office for further information.

As a part of our efforts to manufacture vital war supplies we are also building a limited number of Adding Machines.

ALLEN WALES

ADDING MACHINE CORPORATION

444 Madison Avenue, New York, N. Y.

Procedure

Daily listings on the illustrated form is best suited to his case, he says, because the work is all completed in the office issuing the receipts, and no additional records are necessary in connection with the accumulation of a week's supply of these forms, or the necessity of forwarding them to a central point for rewriting on the Federal Reserve Bank. The entries are made at the time of original listing and saves handling. This procedure merely adds a couple of additional forms to the original suggestion made by the Federal Reserve Bank.

**To—Detroit Branch
Federal Reserve Bank of Chicago
Fiscal Agent of the United States
Detroit, Michigan**

(Date)

Please charge our Reserve Account in the amount of \$ _____ in remittance for "Withheld Taxes" as per _____ Depository (Number)

Receipts listed below, copies of which are attached hereto.

MICHIGAN NATIONAL BANK

(Location)

(Authorized Signature)

Note: Please list receipts in serial number sequence and include all three copies of voided or cancelled receipt forms.

Receipt Number	Amount
----------------	--------

Service Charge

LAST MONTH a service charge plan was described in this column as "unprecedented." It was a slip of an adjective for experience has taught that most new ideas are old.

NOOKSACK VALLEY STATE BANK of Everson, Washington, reports that it has had a flat \$1 service charge schedule for checking accounts in effect for some time. President Ray C. Ham states: "We have found the plan very satisfactory. It does away with all the work of analyzing accounts and the time it takes to *try* to explain analysis to customers.

"We tell a man his account will cost him \$1 a quarter, he understands and raises no questions. There are probably no more than 20 accounts that require special attention, and these few are analyzed."

The First National Bank, Palm Beach, Florida, borrowed the Morrison Field band to publicize its War Bond booth



BANKING



1. To make any store a better store...
2. To win more desirable tenants...
3. To increase revenue from store properties...

*Plan to remodel with
new Pittco Store Fronts!*

SEND FOR FREE BOOK

"PITTSBURGH"

stands for Quality Glass and Paint

PITTCO
store fronts

Here's Why America's Transportation System *Hasn't Broken Down* as it Did in the Last War *



IN 1918, America's transportation system broke down. Freight embargoes were imposed. The government took over the railroads.

Today the railroads have something like 25,000 less miles of right-of-way, 20,000 fewer locomotives, 650,000 fewer freight cars and 750,000 fewer workers than they had in 1918. But, so far, America's transportation system hasn't broken down.

One reason for this, of course, is that the railroads have done a far better job than they did in World War I—moving more freight with less equipment.

But the main reason is that, today, our country has a 5 billion-dollar highway transportation system which was practically non-existent in 1918!



America's trucks and Trailers handled about 60 billion ton-miles of freight in 1942. Despite strong efforts to restrict them, they not only have taken up much of the slack in railroad facilities—they have made it possible to move the tremendously increased tonnages America is pro-

ducing for this war—and they have furnished an "express" service unequalled by any other land transportation. America could not get along without them.

*But There's Danger of Collapse

Trucks and Truck-Trailers do wear out. Normally, 42,000 Trailers are built per year. But scarcely any have been built since 1941. The back-log of Trailers needed is at least 125,000. Of this number, only 14,067 have been authorized for production in 1944.

Obviously, motor transport cannot continue to prevent a repetition of the 1918 collapse without a sufficient number of replacement vehicles.

Use Scarce Materials Wisely

- Trucks and Trailers, with 1-20th the carrying capacity of the rails, are hauling $\frac{1}{4}$ the total load.
- A Truck-and-Trailer transports 2.4 tons of war goods for every ton of material used in its construction—a railroad box car transports 1.6 for every ton used.
- A Truck-and-Trailer produces at least four times as many ton-miles of work for every ton of material used in its construction as does a railroad box car.

World's Largest Builders of Truck-Trailers

Service In All Principal Cities

FRUEHAUF TRAILER COMPANY ♦ DETROIT 32, MICH.

Heard Along Main Street

National War Funders

BANKERS of the nation are taking a leading part in the National War Fund, which is campaigning to raise \$125,000,000 for aid to our own fighting men on the United Nations fighting fronts, in Axis-occupied countries and on the American home front.

Among the many nationally known business, religious and labor leaders on the board of directors are 13 bankers. They are:

CHARLES F. ADAMS, chairman of the board, State Street Trust Company, Boston; JEAN B. ADOUE, JR., president, National Bank of Commerce, Dallas; WINTHROP W. ALDRICH, chairman of the board, Chase National Bank, New York, who also is president of the National War Fund; RAYMOND W. BALL, president, Lincoln-Alliance Bank & Trust Company, Rochester, New York; PHILIP A. BENSON, president, The Dime Savings Bank of Brooklyn; J. HERBERT CASE, director, City Bank Farmers Trust Company, New York City; BYRON M. EDWARDS, president, The South Carolina National Bank, Columbia; CHARLES T. FISHER, JR., president, National Bank of Detroit; ROBERT M. HANES, president, Wachovia Bank & Trust Company, Winston-Salem; THOMAS W. LAMONT, chairman of the executive committee, J. P. Morgan & Company, Inc., New York City; GORDON S. RENTSCHLER, chairman of the board, National City Bank of New York; TOM K. SMITH, president, Boatmen's National Bank, St. Louis; and M. S. SZYMCAK, board of governors, Federal Reserve System, Washington.

Red Cross War Funder

LEON FRASER, president of the First National Bank of New York, has accepted the chairmanship of the 1944 Red Cross War Fund. The campaign is scheduled for next March.

Enlisting as an Army private in 1917, Mr. FRASER won eventual promotion to major judge advocate and later was named first assistant judge advocate in the Service of Supply of the American Expeditionary Force. While in France he was awarded the Distinguished Service Medal, and was made grand officer of the French Legion of Honor.

Returning to the United States he was named associate director of the Bureau of War Risk Insurance in 1920, and later was appointed executive officer



President Elie Lescot of Haiti presenting a \$1,000,000 check to W. Randolph Burgess, chairman of New York State War Finance Committee (vice-chairman of the board, The National City Bank of New York and vice-president, American Bankers Association) for purchase of War Bonds on behalf of the Banque Nationale de la Republique d'Haiti

and acting-director of the U. S. Veterans Bureau. In 1924 he served as advisor to the American delegation to the London Prime Ministers Conference; and was general counsel to the Dawes Plan, and Paris representative of the Agent General for Reparations Payments from 1924-27. He was president and chairman of the board of the bank for International Settlements, Basel, Switzerland, from 1933 to 1935.

On Growing Old

DR. SAMUEL B. WOODWARD, chairman of the board of the Worcester

Gilbert Morse, president, Bank of Montclair, New Jersey, shown with Joe, the scarecrow, which watched over his Victory Garden. The Morses not only grew enough vegetables for Summer use, but were able to can a sizable surplus



(Massachusetts) County Institution for Savings, in celebrating his 90th birthday recently said growing old afforded him considerable amusement. When he was 30 he thought a man of 40 was "pretty old."

At 70 he thought a man of 80 had just about reached the end of everything.

Now he imagines that "100 is really old."

Prior to assuming the chairmanship of the Worcester bank Dr. WOODWARD served the bank for 25 years as president.

He originally became associated with the bank in 1884.

He is the second oldest active member of the Massachusetts Medical Society, having practiced medicine for 40 years in Worcester and vicinity, and is one of the few surviving members of the Harvard class of 1874.

Chairman WOODWARD visits the bank every day; however, much of his time is spent in reading newspapers and in examining his extensive library preparatory to giving the volumes to Harvard and other institutions.

Wyoming's "Man of the Year"

CLAUDE ELIAS, cashier, Rock Springs (Wyoming) National Bank, was named by the Wyoming Department of the American Legion as its "Man of the Year" candidate for the \$1,000 Lewis S. Rosenstiel award which goes to the Legionnaire who has performed the most useful community service during the past year.

The award is made annually by Rosenstiel, chairman of the Schenley Company.

Mr. ELIAS, chairman of the civilian defense council of Sweetwater County, Wyoming, which includes Rock Springs, was active in organizing the Wyoming State Guard and in having prospective service men take military training. He has taken a prominent part in War Bond drives and has participated in other war and civic activities.

A Swim in Tunis Bay

HERE'S a "now it can be told" story from Major GUILBERT R. LITTLE of the general staff, First Tank Destroyer Group, one of the units which helped rout Rommel's Afrika Corps. The major

(CONTINUED ON PAGE 72)

With KARDEX signature files

tellers cash checks faster
with

SAFETY!



Instant, Positive Identification by Comparison!

Uniformly-typed Visible Margins Assure Maximum Speed of Reference!

Celluloid Sheath Protects Visible Index Margin from Wear and Tear... Dust and Dirt!

Varl-Colored Cards Distinguish Different Types of Accounts, Joint, Individual, etc.

Kardex Colored Visible Margin Signals Spotlight Important Facts ... Missing Signature, Frequently Overdrawn, New Signature Needed, Stop Payment!

Kardex Cabinets and Slides are Made from Non-Critical Materials — Available without Priority for Immediate Delivery!

New tellers...new customers with whom your old tellers are unfamiliar...long lines of impatient people...costly errors due to hurry, hurry, hurry. These are some of the problems faced by many banks today.

To prevent the loss of customer goodwill and to remove the temptation of "taking chances" on signatures, countless far-sighted banking institutions have installed a Kardex Visible Signature record.

Not only is signature verification unbelievably rapid with Kardex, but its speed is augmented by colored signals in the Visible indexing margin, clear-cut warnings of missing signatures, new signatures needed, overdrawn or stop payment.

Cards need not be removed, eliminating the danger of mis-filed or lost signature records. They stay put, ever ready to flash out all pertinent information to the teller who can verify instantly instead of taking dangerous "short-cuts".

For expert counsel and information on Kardex Visible System Records (now available in wood without priority), write, wire or phone your nearest Remington Rand office (probably listed in your Classified Phone Directory). There is no obligation, of course.

REMINGTON RAND
BUFFALO 3, NEW YORK

MAIN STREET—Continued

addressed this letter to the staff of the Canal National Bank of Portland, Maine:

"After we landed at one of the invasion ports, we put in three weeks of hard work getting the last of our equipment, and then started out for the fun. Our first stop was Tebbessa, where we joined our corps and took command of our battalions, two of which moved into the fight at Kasserine Pass. This was the first place tank destroyers were used, and everyone wondered what the results would be. It didn't take long to

find out. One of them stopped a crack German panzer division right in its tracks; from there on the corps was able to push all the time, but not at will for the going was hard. . . .

"From Tebbessa we moved to Bou Chebka, staying only one day, and then on to Telept and Ferenna, where it took quite some time to move the enemy. Here we met up with Italians and Germans together. As we moved through the valley in their direction, we started toward the desert country, and as time passed it looked as though we were to meet up with the British 8th Army on their drive up the coast.

"The next move was to Gafsa where a real battle took place and all the way our tank destroyers were out in front. From Gafsa to El Guetta was a short distance and a hard one. The enemy was strongly emplaced in these hills in concrete pill boxes. The infantry was unable to do very much here so it turned into a battle between artillery, tanks and tank destroyers. For days it seemed we were hitting against a stone wall, until one morning the enemy pulled out and we started toward Gabes on the coast. . . .

"I think air bombing and anti-personnel mines are the worst things in this war; one feels so helpless, there is no way of fighting back. When the planes come over all one can do is hit the slit trench and try to dig deeper. The first thing you hear is the awful howl of dive bombers and explosions. The sound of a bomb is something that just can't be described. It leaves one's mind a blank for quite some time. Sand and gravel are driven right through clothes.

"Retracing some ground, our next objective was Sebeitla, but nothing happened to us as the enemy was retreating so fast that we had time to sit back and rest, regrouping our units for the final assault.

"On the march to Tunis and Bizerta we had some hard fighting at the beginning, but it soon folded and the end came very soon—but not half soon enough. After it was over I went swimming in Tunis Bay."

In closing, Major LITTLE expressed these sentiments: "I am still dreaming of the day when I can be back with you being just an ordinary human being again."

The Auditors Elect

HUGH E. POWERS, cashier, Lincoln Bank Trust Company, Louisville, is the



new president of the National Association of Bank Auditors and Comptrol-
(CONTINUED ON PAGE 74)

In War, As In Peace

Neither war nor peace changes the basic reasons why hundreds of American banks continue to use Central Hanover as their New York correspondent—constructive advice on investment portfolios, personal attention to special needs, routine business handled with care and dispatch.

CENTRAL
HANOVER BANK
AND TRUST COMPANY

NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

How

"Honesty Engineering"

helps prevent Loss of Personnel

NOT long ago a mid-west mercantile concern was suffering heavy manpower losses because of employee dishonesty. In one year alone, some scores of persons misappropriated company funds and were dismissed. Then U.S.F.&G.'s unique Personnel-Protection Plan was put into effect. Result: manpower losses due to dishonesty dropped 83% . . . another example of how "Honesty Engineering" helps stop employee dishonesty before it can start!

Today, employee dishonesty is a threat to employers great and small. For while fidelity insurance can repay your financial losses due to dishonesty, it cannot make good the loss of trained, hard-to-replace manpower.

It was to meet this problem that U.S.F.&G. developed its unusual Personnel-Protection Plan. The plan of "Honesty Engineering"

helps reduce employee dishonesty in much the same way that safety engineering and fire prevention work have reduced accidents and cut fire losses for American business.

Based on long experience in bonding employees, the Personnel-Protection Plan not only insures you against loss through employee dishonesty but: (1) discloses undesirable personnel and prevents waste in training; (2) through tested methods helps keep good employees from going wrong; (3) helps employers eliminate leaks, pitfalls and careless acts which often lead to employee dishonesty.

Your U.S.F.&G. agent will be glad to give you more information about how the Personnel-Protection Plan helps you keep your employees by keeping them honest. Consult him today.

Branch Offices in 43 Cities · Agents Everywhere

U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate:

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES:  BALTIMORE, MD.

Consult your insurance agent or broker as you would your doctor or lawyer

MAIN STREET—Continued

lers. Other officers for the 1943-44 year are:

First vice-president, JOHN C. SHEA, auditor, Whitney National Bank, New Orleans; second vice-president, BEN N. JENKINS, auditor, First National Bank and Trust Company, Oklahoma City; secretary, ARTHUR R. BURBETT, comptroller, First National Bank, Baltimore; treasurer, MILLS B. LANE, JR., first vice-president, Citizens and Southern National Bank, Atlanta.

Members of the advisory board are: OTTMAR A. WALDOW, comptroller, National Bank of Detroit; J. WILLIAM

MASSIE, comptroller, Republic National Bank, Dallas; Major CHARLES Z. MEYER, formerly comptroller, The First National Bank, Chicago, now in the Army; and CECIL W. BORTON, vice-president, Irving Trust Company, New York.

50 Years a Banker

VICTOR H. ROSSETTI, president of The Farmers and Merchants National Bank of Los Angeles, who began his career as a \$20 per month office boy with Wells Fargo & Company of San Francisco, recently celebrated the 50th anniversary of his entrance into banking. He started with Farmers and Merchants 32 years ago as cashier.

Mr. ROSSETTI is one of the organizers of the Los Angeles Community Chest and has served that organization in several capacities, including two years as president. He is president of the Los Angeles Clearing House Association and a director of numerous companies. He is also chairman of the board of regents of Loyola University and a director of the California Taxpayers Association and of the Friends of Huntington Library.

A Banker Afloat

CAPTAIN WILLIAM C. PARKE of the Continental Illinois National Bank and Trust Company, Chicago, writes:

"You might like to know how an ex-banker spends his time nowadays aboard a freighter. This time I'm not a passenger; I'm part of the ship.

"For this voyage, I am cargo security officer and remain such until the completion of the voyage. In my possession are the ship's documents covering the cargo, and I am the Army's appointed representative in all matters affecting the cargo.

"My cabin is on the boat deck. It is a single cabin, with hot and cold running fresh water, a commodious bunk, plenty of drawer and closet space, and a desk. The ship is on her maiden voyage, being a brand new Liberty ship, so you can appreciate that everything is spic and span. We have fresh water showers as well as salt, and in a day or so there

(CONTINUED ON PAGE 76)

Captain Bertrand S. Hoare, of Bossier City, Louisiana, with the 13th Air Force in South Pacific, is an American Institute of Banking graduate and a former employee of Chase National Bank, New York City. In 1942 he was promoted from Master Sergeant to First Lieutenant; recently received his captaincy



Guaranty Trust Company of New York

Fifth Ave. at 44th St. 140 Broadway Madison Ave. at 60th St.

London: 11 Birchin Lane, E. C. 3; Bush House, W. C. 2

Condensed Statement of Condition, September 30, 1943

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 494,733,323.07
U. S. Government Obligations	1,896,444,734.28
Loans and Bills Purchased	816,733,632.14
Public Securities	\$ 59,806,055.97
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	22,158,361.78
Credits Granted on Acceptances	1,754,328.00
Accrued Interest and Accounts Receivable	12,571,328.31
Real Estate Bonds and Mortgages	1,657,203.68
	105,747,277.74
Bank Buildings	10,358,192.19
Other Real Estate	1,041,778.67
Total Resources	\$3,325,058,938.09

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	27,578,471.78
Total Capital Funds	\$ 287,578,471.78
Deposits	\$2,972,527,572.88
Treasurer's Checks Outstanding	27,210,955.98
Total Deposits	2,999,738,528.86
Federal Funds Purchased	20,900,000.00
Acceptances	\$ 3,376,603.76
Less: Own Acceptances Held for Investment	1,622,275.76
	\$ 1,754,328.00
Liability as Endorser on Acceptances and Foreign Bills	119,839.00
Foreign Funds Borrowed	152,550.00
Dividend Payable October 1, 1943	2,700,000.00
Items in Transit with Foreign Branches and Net Difference in Balances between Various Offices Due to Different Statement Dates of Foreign Branches	1,352,921.26
Miscellaneous Accounts Payable, Accrued Taxes, etc.	10,762,299.19
	16,841,937.45
Total Liabilities	\$3,325,058,938.09

Securities carried at \$915,630,925.95 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English Branches as of September 26, 1943, French Branches as of October 31, 1942, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation

... THE ...
PHILADELPHIA
NATIONAL BANK

Organized 1803

September 30, 1943

RESOURCES

Cash and due from Banks	\$176,376,107.05
U. S. Government Securities	488,878,830.95
State, County and Municipal Securities	14,377,362.55
Other Securities	32,085,409.45
Loans and Discounts	92,176,242.46
Bank Buildings	2,600,000.00
Accrued Interest Receivable	2,825,407.04
Customers Liability Account of Acceptances	1,332,228.70
	<u>\$810,651,588.20</u>

LIABILITIES

Capital Stock	\$14,000,000.00
Surplus	21,000,000.00
Undivided Profits	13,944,663.14
Reserve for Contingencies	3,161,900.58
Reserve for Taxes	2,889,108.76
Dividend (Payable Oct. 1, 1943)	875,000.00
Unearned Discount and Accrued Interest	139,616.33
Acceptances	1,526,837.40
Deposits	753,114,461.99
	<u>\$810,651,588.20</u>

EVAN RANDOLPH, *President*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Philadelphia, Pa.

MAIN STREET—Continued

will be a salt water shower out on the deck.

"Clothing worn is at a minimum—either overalls, or khaki shorts (Navy regulation) with or without an undershirt, depending on the weather. Shaving is at your own convenience, but as yet I have not started a Van Dyck or the Russian variety."

A Navy-(Banker) Student

PETTY OFFICER LEWIS E. SCHOLLIAN (First Class Storekeeper) learned the value of adult education while serving

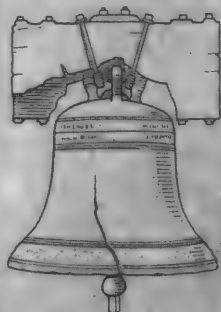
as assistant cashier of The First National Bank of Tarkio, Missouri, before entering military service.

Now that he is in the Navy he is taking advantage of correspondence courses made possible under a joint agreement with the Army and Navy Departments and offered by 76 qualified and regularly established colleges and universities to enlisted Army and Navy men, thus permitting them to continue high school and college degree work.

Petty Officer SCHOLLIAN was granted a furlough to enable him to attend the American Bankers Association War-



time Service Meeting in New York in September.



"The eyes of Christendom are upon us... If we give up our rights in this contest, a century to come will not restore us to the opinion of the world... Present inconveniences are, therefore, to be borne with fortitude, and better times expected."

—Benjamin Franklin

MERCANTILE
Bank and
SAINT



—COMMERCE
Trust Company
LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Have You Heard?

HOMER B. CLARKE, Superintendent of Banks for Tennessee, is the new president of the National Association of Supervisors of State Banks.

Major BERT H. WHITE, vice-president of the Liberty Bank of Buffalo, now on leave in the Army Air Forces, has set up a technical advisory service for the Smaller War Plants Corporation. The service sprang from the idea he applied in business some time ago.

EVERETT C. STEVENSON, executive councilman of the American Institute of Banking, has been elected cashier of The First National Bank of Nutley, New Jersey.

Directors of The First National Bank of Miami, Florida, have elected CHARLES H. CRANDON vice-president and CARL MEEKS executive vice-president. CLIFFORD H. REEDER has been added to the bank's official family as vice-president.

Recent promotions by The Manufacturers National Bank of Detroit include: L. GEORGE BOTT, to vice-president; CHARLES A. STOLL, to second vice-president; WALTER C. LEONHARDT, to credit manager; RUSSELL A. KRUGER, second vice-president; THOMAS A. KENNY, RAYMOND W. LADENDORF, CHESTER J. MELDRUM, HAROLD H. RAPP, GEORGE R. WELLINGS, ALEXANDER N. GARDNER, assistant cashiers; J. DONALD ORTH, assistant trust officer; EDWIN F. SCHULZ, auditor.

Officers of the Citizens National Trust & Savings Bank of Los Angeles who recently were promoted, include: NORMAN E. MUDGE, elevated from assistant trust officer to vice-president and trust officer; FRANK D. LEBOLD, advanced from junior vice-president to vice-president; and ALBERT H. JEHL, formerly manager of a branch, elected junior vice-president.

North of the Border

CANADA'S semi-annual Victory Loan campaign, planned to last three weeks, opened October 18 under very favorable circumstances. The objective of \$1,200 million was \$100 million more than was solicited last Spring and is the largest loan in the country's history. However, it is actually less than the total of cash subscriptions in the previous loan when \$1,309 million in bonds was sold. Individual subscribers were invited to provide at least \$525 million; special names, and firms, corporations, etc., \$675 million. Every appeal made since the beginning of the war has been oversubscribed despite mounting taxation and a slow but gradual rise in the cost of living. (In terms of the population of the United States, \$14,400 million is the objective of the Canadian campaign.)

MANY factors point to the early success of the Victory Loan drive. Not the least of these is the continued expansion in the national income which has registered a gain of 20 per cent in 1943 compared with the parallel period of 1942. The farming community has been a major contributor, cash income from the sale of farm products being estimated at 25 per cent greater than a year ago.

In industry the number of persons employed directly or indirectly on war work on September 1 had increased from 940,000 to 1,100,000 while the general index of employment rose from 169 to 182, an increase of 7.5 per cent. Some evidence exists of an early slowing up in productive operations, but meanwhile there has been a steady extension of the advance experienced since September 1939.

New high levels in Canada's industrial history were recorded during the first eight months of 1943. The index of the physical volume of business—based on five main components indicating the movement of production and distribution of commodities—showed a gain of 17.6 per cent, averaging 233 this year as compared with 198 in 1942. In the case of manufacturing operations the advance in the index was of even greater dimensions. Expenditures on government contracts for war production and construction were placed at \$3,094 million for the year ending September 1, as compared with \$1,957 million for the previous 12 months. Railway traffic to date is running 8.6 per cent ahead of 1942 while power production is up 9.7 per cent.

DEPOSIT liabilities of the chartered banks have exhibited a steady increase since the outbreak of hostilities, particularly during the past two years. Wholesale and retail prices are 7.3 per cent and 5 per cent respectively greater than in the corresponding period of 1942 in spite of rationing and a general scarcity of consumers' goods. The Dominion's export trade rose from \$1,485 million to \$1,890 million, a gain of more than 27 per cent, with the United States taking the largest share. Notwithstanding a substantial increase in the volume of Canadian materials and goods purchased there still exists a very large balance of trade in favor of Canada's southern neighbor.

A CANADIAN CORRESPONDENT

OUR 45th



YEAR

Successful Trust Promotion

"Our last mailing created an unusual amount of interest and actual business. One case, a wealthy woman, on our mailing list for over 5 years, came in because 'she had been so impressed by our mailings', and named us in her will."

Many trust-minded Bank Presidents, who realize that trust services are needed — and that Trust Departments can and do, render invaluable service at a profit, are now providing a very reasonable monthly investment in Trust promotion. It is not unusual for such men to be amazed at how much can be accomplished — for so little.

Inquiries and investigations are welcomed

The **PURSE** Company

Headquarters for Trust Advertising
CHATTANOOGA, TENNESSEE

BUY WAR BONDS

Tellers' Headaches

NEWCOMB M. BASSETT

MR. BASSETT is a teller in the New Haven Bank, National Banking Association, New Haven, Connecticut.

THERE are several types of patrons of a bank who add to the joy of a teller's day. Below are a few:

The Immaculate Type—The person

who is not satisfied with the run of the mill currency, and must have new, no matter how much it slows up the teller.

Nonchalant Type—When asked what denomination bills he would like to have for his check, will always reply, "Oh, any way." Then after teller has counted it out as he sees fit, customer decides otherwise.

Timid Type—Who will usually pick

a window where the teller has gone to lunch, or stepped out for one reason or another, and usually prefers a window with the closed sign up.

Adamant Type—Who won't leave a busy window to go to a teller who is not busy.

Suspicious Type—Who is not satisfied with a pass book entry but must have a duplicate slip besides, and usually after every deposit wants his balance, probably to make sure the last deposit was credited.

Roving Type—Who goes from one line to another, hoping to beat someone to a teller, and usually ends up waiting twice as long.

Inconsiderate Type—Who dumps a large deposit on the counter, consisting of change, bills, etc., and asks for immediate entry in pass book, then walks away, leaving teller with problem of removing same before next customer approaches window.

Worried Type A—When arriving in bank, noticing all windows free, usually greets teller with concerned expression on face, saying, "Where is everybody?"

Worried Type B—On arriving, probably on a Friday noon when lobby is full of people cashing payroll checks, will say to teller, "Is there a run on the bank?"

The Boss: "You think you have headaches—just read this page and see the problems Mr. Bassett has!"



QUALIFIED*

To serve as your
Cleveland correspondent

- * Extensive contacts with all types of business in Northern Ohio's large industrial area.
- * Specialization in commercial banking.
- * Ninety-eight years of dependable service.

Believing that we may be of assistance to you and your clients, we invite you to call upon or write to us in Cleveland.

THE
NATIONAL CITY BANK
OF CLEVELAND

Euclid at East Sixth



and Terminal Tower

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Moocher Type—Before leaving window, asks teller, "How about a few rubber bands or clips?" and usually takes deposit slips for scrap pads.

Carpet Bagger Type—Woman who waits in line carrying the new knapsack type of pocketbook, and makes no effort to remove checks or deposits until she reaches the window, then slaps it on counter, looks to her left and right, then proceeds to look for checks or deposits, after removing many things, much to the aggravation of customers back of her, finds same and as a rule has forgotten to make out deposit slip or endorse check.

Football Type—Comes rushing in when all windows are busy, breaks in ahead of someone at window, saying, "Pardon me" (not as a rule) "I am in an awful hurry and I only want etc. etc."

Small Change Type—Comes in twenty times a day for about \$5.00 worth of change.

Early Type—Regardless of whether vault is open or not, insists on cashing checks or getting change.

Late Type—Waits until 3:00 P.M. and then remembers he has either a deposit to make or check to cash, and comes running to bank all out of breath, sometimes apologizing, most of the time not; as a rule business establishment is within a block of the bank.

Indignant Type—On presenting a check and when asked for proper identification, will say, "Don't you remember me? I came here once before." On being asked when, the answer usually places the time at from six months to two years ago.

THEN there is this one—all tellers have probably heard it many times. It's about the teller who never rectified a mistake. Usually starts off something like this:

"I had an uncle who cashed a check in a certain bank. On counting his money he found he was (anywhere between \$10 to \$100) over. Approaching the teller and asking him if he gave the right amount, he was told by the teller (who didn't inquire what he had given): "We never rectify after leaving window." Just imagine a teller doing that!

There are many more types, but these are the high spots.

Two New Presidents



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TODAY there are a multitude of new conditions which affect banking operations. Keeping abreast of them is almost a full time job in itself. For example wartime banking requires up-to-the-minute knowledge on V and "VT" loans, U. S. Government bonds, ration banking, changes in trust department techniques. Current facts on these and all other timely banking subjects are readily available to correspondents of The Northern Trust Company. In addition you may draw at any time upon our more than half-century of experience.

THE NORTHERN TRUST COMPANY

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Rich Uncle Sam

(CONTINUED FROM PAGE 25)
hodge-podge that breaks nearly every principle of soundness.

The people concerned in important part cannot figure their income tax with certainty. They are put to the unnecessary expense of employing legal aid in filling out tax forms and even then cannot be certain that the tax determined is correct. Double taxation exists which is unsound in principle. Under present conditions the people are re-

quired to pay on income which has not been received which, when applied to income taxes, is absolutely out of line with proper procedure. Corporations are being overtaxed and in too many cases will not be able to build up the reserves which will be necessary in order to protect their employees and stockholders in the post-war period.

The whole tax system in the United States should be coordinated as between Federal, state and local taxing groups.

Congress should appoint a committee to undertake the study of the tax situation and develop a complete and proper system at the first moment possible. In the meantime, the new tax law, hearings for which are being undertaken before congressional committees, should be simplified as much as may be possible.

It should not be necessary for the Treasury Department of the United States to have to carry 76,000 employees (as of March 1943) with the possibility that many thousands more may have to be employed by the department to meet some of the new conditions that are covered in the last changes made in the present tax law.

In the interest of the people, it is essential that Congress devote itself to the foregoing conditions immediately to further the war effort and to make possible employment in the post-war period.

Post-war employment a vital problem . . .

One vital post-war problem that must be solved by business and industry is the question of employment. However, nothing that the business world may do can possibly result in the employment necessary for the protection of the country unless government does its part. Again, the part of government lies in clearing the way for private industry to function and not in developing governmental plans for going along side by side with industry with innumerable schemes for government employment.

Following World War I governments paid men for doing nothing in various ways and created certain forms of government employment in the false



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BANKING

notion that this was the proper way to lead into the reestablishment of prosperity. Such procedure on the part of government inevitably leads to a progressive deterioration in economic conditions and does not furnish a base upon which recovery can be built. There seems no way to stop deterioration so started until a new great crisis has developed that is war itself or that leads into war. We need no further evidence of this than was supplied by the history made during the years between World War I and World War II.

The methods undertaken by governments developed unrest that was cashed in by forces for evil that utilized many of fine intent who did not understand what was going on. This led into weakening governmental financial structures which caused strains and stresses upon the people that made it possible for those in power who were so inclined to bring a new war upon the world.

Now is the time when we have an opportunity to utilize the experience gained by the happenings which have taken place since November 11, 1918, to build a better world. We cannot expect success unless we recognize first of all the facts of human nature—those characteristics in men which make for strength and for weakness. We must so build as to utilize the forces for good that lie within mankind and nullify in so far as may be possible the action of the forces for evil and provide a means for the correction of errors in the judgment of men that must occur because men cannot foresee coming events nor forestall them with certainty. We must not expect to be able to construct a post-war world on this account that moves forward steadily and without the mistakes of judgment that must lie within the acts even of men of intelligence and good intent, due to the necessity for experimentation as the days unfold.

Our plans therefore must carry within them checks and balances aimed at enabling us to correct error without new catastrophe and utilize the experience that lies within the lessons of history to guide us. At the moment the lessons which lie within the developments in the last two decades are those which must have first consideration.

If this means anything at all, it says in words that are incontrovertible that governments cannot lift from the shoulders of men the responsibility which they were born to carry—responsibilities that require extreme effort on their part to provide for themselves and to meet their obligations to society, and

which, if, they are not carried out relieve society of any obligations to them.

It is therefore the duty of government to clear the way in order that men may act to increase their individual responsibility rather than to dissipate it and to further the desire of citizens to do their own personal part to make a better world for themselves and the communities in which they live.

When the processes of government increase the dependents in the country beyond those which arise through misfortune, it means retrogression with progressive speed downward in the average standard of living.

"... chaos and insecurity"

The events of the last two and one-half decades have told us in no uncertain terms that when government so acts as to destroy the sense of responsibility of its citizens it builds for all its people a world of chaos and insecurity. There is no such thing as social security under which men take their part as dependents instead of as active agents to carry out their obligations as citizens.

—Mr. KENT



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Settling War Contracts Fairly

(CONTINUED FROM PAGE 27)

An examination of the court reports of the Federal and state courts involving litigation over the amount due upon final settlement leads to the inescapable conclusion: administrative settlements are invariably based on a different conception of what is just than that accorded by the courts. The courts have offered a sanctuary from unjust and inequitable settlements, if the reported decisions of these courts from 1918 to date are to be taken as a guide.

Now as to the present. On August 20,

1942, the Secretary of War appointed three Army officers together with other personnel to be known as the War Department "Board of Contract Appeals." At its head as president or chairman, he appointed a former member of the first world war Board of Contract Adjustment. Two other members constitute the board's so-called quasi-judicial machinery.

Under this board's procedural rules, a majority of the members of the board or of a division thereof is required for a

decision. If a majority of the members of the board is unable to agree upon a settlement amount or decision, the president of such board must submit the appeal to the Under Secretary of War for final ruling. Also, any member of the board or any examiner designated by the president may hold hearings, examine witnesses, receive evidence and report the same to the full board or to the appropriate division, if a case is pending before a division. No right of court appeal is granted in the existing forms of war contracts or in current regulations; the provisions incorporated merely stipulate that the decision of the under secretary of the appeals board is to be final. No other war agency has established any similar contract appeals board for the determination of claims arising out of the various contracts, leases and other agreements entered into.

THE Supreme Court of the United States has ruled several times in the past that such executive-established boards do not possess authority to "compel a hearing and adjustment of the claims." Further, that its "determination (decision) had no force till confirmed by Congress." The War Labor Board experienced the same difficulty when it sought to compel the attendance of a reluctant or defiant witness in the coal dispute.

Realizing the lack of power in the Labor Board, which was created by presidential order, Congress ratified the powers heretofore lodged in the board and gave it the authority "to decide the dispute" and "to require the attendance of witnesses and the production of such papers, documents, and records as may be material" thereto. It might take similar action in the case of the War Department Board of Contract Appeals, or perhaps create an overall, single, independent and wholly disconnected with any official taint, war contract board for all war procurement departments and agencies. Such a board would possess statutory power to deal with all contract claims and disputes wherever they might arise in the gigantic Federal administrative procurement organization, except on pure legal questions.

RECENTLY, the Comptroller General of the United States has suggested that a provision be incorporated in proposed legislation to the effect that power to settle claims be given to such officer over all canceled war contracts of the Government. A close reading of the Federal and state court decisions re-

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versing or overruling his decisions on Government contract claims appears to likewise eliminate such proposal.

As for the suggestion of the Committee for Economic Development with its branch or regional courts of claims, the author feels that such courts are not feasible in that there would be a myriad of courts with no centralizing or unifying direction. Precedents of one regional court would not be precedents of another, whereas under a single, overall, fact-finding and deciding board, unification and precedent and equal treatment could be more readily accorded.

At one time the author felt that perhaps the use of formal arbitration on disputed claims arising out of cancellation of war contracts, or those in the course of performance, would be adaptable and far more effective than the present procedure. (See author's article "Settlement of Government War Contract Disputes" in the January 1943 issue of the American Bar Association Journal.) However, as then pointed out that with "proper safeguards and improvements" to the pending proposals which had to be made, arbitration would offer a good answer to the settlement problem.

Unfortunately, the pending proposal on arbitration is wholly and realistically impracticable. There is no safeguard against excessive arbitration costs, no rules of the Federal courts on contract claims must be followed, and finally, the award of each arbitrator would necessitate a special appropriation act for payment.

Therefore, it can be seen from the above that, after all, perhaps the best remedy for insuring equitable, impartial, expert and inexpensive adjustment of contract claims would be the creation of a War Contract Board. This could be very easily brought about. All that would be necessary is the drafting of an appropriate amendment to the existing provisions of the pending legislative proposals. The amendment should be so drafted that the contractor or other claimant succeeding to the contractor's rights would still have a day in court on purely law matters, over which executive departments do not have authority under present circumstances, and with the further guarantee that expeditious as well as fair procedure be made available both before such War Contract Board and the Federal courts on appeal.

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Quick—the Formula!

(CONTINUED FROM PAGE 40)

$$g = \frac{12(12+1) \cdot .06}{13(1-.06)12}$$

Solving:

$$g = \frac{12 \times 13 \times .06}{13 \times .94 \times 12}$$

$$g = \frac{.06}{.94}$$

$$g = .0638 \text{ or } 6.38 \text{ per cent}$$

Thus, the loan would be for \$106.38 and the borrower would get \$100.

Where payments are made monthly,

$m=p$, and the above formula reduces to:

Formula No. 7

$$g = \frac{(p+1)d}{13(1-d)}$$

* * *

Furthermore, if the loan is for one year and repayable in equal monthly instalments then $p=12$ and the formula reduces to:

Formula No. 8

$$g = \frac{d}{1-d}$$

Illustration using the amounts in the preceding illustration:

$$g = \frac{.06}{1-.06}$$

Solving:

$$g = \frac{.06}{.94}$$

$$g = .0638 \text{ or } 6.38 \text{ per cent}$$

* * *

To determine discount rate from gross charge rate

If the gross charge rate is known and it is desired to convert it into a discount rate, the following formula may be used:

Formula No. 9

$$d = \frac{g}{1+g}$$

Illustration:

d = discount rate in decimals

g = gross charge rate in decimals—
.0638

Substituting numbers for symbols:

$$d = \frac{.0638}{1+.0638}$$

Solving:

$$d = \frac{.0638}{1.0638}$$

$$d = .06 \text{ or } 6 \text{ per cent}$$

These formulas are but a few of the many to be found in the field of financial mathematics. It is hoped that the reader will use them and thus find how helpful they can be.

Invasion Currency

(CONTINUED FROM PAGE 28)

pieced area of course do not have that privilege of converting lire into dollar exchange. The question of ultimate redemption of non-American-held lire, including occupation lire, is undecided.

Abroad, outside of the Mediterranean and European theatres, our troops have used either American or some local currency. In the South Pacific, for example, dollars, Australian pounds, New Caledonian francs and the like are in use. In the United Kingdom our troops are paid in sterling.

In addition to spearhead and occupation currency, another special paper currency has been used in the Hawaiian Islands since soon after Pearl Harbor. This consists of United States paper currency overprinted both on the face and the back with the word, HAWAII.

During the occupation of the Rhineland after World War I, American troops used regular American, French and German currency.

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I, State of New York, county of New York, ss. Before me, a Notary in and for the State and county aforesaid, personally appeared William R. Kuhns, who, having been duly sworn according to law, deposes and says that he is the Editor of BANKING, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

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2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The American Bankers Association, 22 East 40th St., New York 16, N. Y. (A voluntary unincorporated association of banks; A. L. M. Wiggins, Bank of Hartsville, Hartsville, South Carolina, President, and Harold Stonier, 22 East 40th St., New York 16, N. Y., Executive Manager.)

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WILLIAM R. KUHN, Editor

Sworn to and subscribed before me this 22nd day of September 1943.
Elizabeth Rautanen, Notary Public, Bronx County, Bronx Co. Clk's No. 17, Reg. No. 63R44, New York Co. Clk's No. 408, Reg. No. 4R215. Certificate filed in Westchester County.
(My appointment expires March 30, 1944.)

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Most of the figures that tell the story of Wichita's growth and what it means to the war effort remain a military secret... They are blacked out for the duration. But here is one figure we can give you.

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total resources

THE FOURTH NATIONAL BANK
IN WICHITA

\$116,416,330.67

THE FOURTH NATIONAL BANK

IN WICHITA

DOUGLAS AT MARKET



WICHITA, KANSAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. There are today certain broad currents in the business outlook which do not show up exactly in the various indexes but are none the less clear and decisive.

Risk. Without question, there is a new determination on the part of business to break the insidious habit of leaning on the Government. There is a strong revival of the spirit of initiative throughout industry and finance and a willingness to resume taking normal risks. Significantly this is happening at a time when business is more completely dependent on government money than ever before in its history.

There are several reasons for it. For one thing, confidence is increasing right along in the prospect that there will be many new industrial frontiers ready for exploration after the war. Under these circumstances it is a logical conclusion that the best way to safeguard free enterprise is by taking the ball and carrying it, not by worrying and wondering what will happen.

Post-War Confidence. For a number of reasons there is less fear of post-war uncertainties and readjustments than heretofore. One reassuring fact has been the steadily rising volume of ready-to-spend money in the hands of people who will be eager to buy things. However, there is one stimulator of post-war confidence which is probably the biggest single factor of all and that is the thoroughgoing way everyone has been sold on the glamorous prospects and opportunities waiting just around the famous peace corner.

The action of the security markets is a reflection of this feeling. While the so-called threat of peace still causes weakness in war industry shares, the action is no longer severe enough to set back the whole list. In fact some of the best periods the markets have had lately have coincided with the times when hopes of an early end of the fighting were at a high point.

If business could just find some grounds for making up its mind definitely that the Government will encourage free enterprise after the war the biggest obstacle to confidence would be removed.

Realism. There is more realism on the part of business toward the prospect of having the Government keep a firm hand for some time on general policies affecting foreign trade, transportation, credit, raw materials, food, production, distribution and manpower.

At the same time there is less fear of the Government trying to continue to run every detail of business, down to the last brick and decimal point. Any theories along this line which may have existed before the war have collapsed of their own red tape for if all out managed economy works so badly in a period when we have war discipline to back it up, there is no reason to think that it would stand up in normal times.

We still hear too often the statement that if business does not do thus and so, the Government will have to

do it. This does not make sense because business cannot possibly act with the singleness of purpose and authority which is the Government's everyday prerogative. Business consists of a half million independent corporations and a host of other enterprises.

Reconversion. There seems to be fairly steady progress in dealing realistically with such vital post-war matters as reconversion reserves, loans to take care of contract termination problems, fast action on termination payments, definite plans for the disposal of Governmental plants and surplus supplies, and other war-to-peace problems.

To be sure, there is still too much thinking in the old-fashioned manner of the 30's when the sovereign remedy for all economic ills and distempers was a handout in some guise or other. This is especially true now of the various treatments being suggested for small business. The dole idea is going to die hard.

The only positive way to help business, large or small, is, of course, by making it as easy and simple as possible to engage in business activities. A few years ago, in the 20's two young fellows with \$500 apiece put it together and managed to launch a small export business of their own. The company expanded and became quite successful in various lines.

They could not do it now because there are 60 or 70 different government agencies with a finger in the foreign trade pie and the result is a frightful maze of regulatory and financial pitfalls.

Embarrassment of Riches. On the other side of the picture is that greatest of all paradoxes, namely, that our tremendous potential production of peacetime goods is our greatest source of unsolved difficulty. Confusion arises from the fact that we are going to have capacity to produce far more peacetime goods than we can possibly use. How to maintain anything like a balance of trade between this country with its surplus and countries which can support only a very low standard of living is a tough one to solve.

The desire of our farmers and manufacturers to sell things abroad is going to be persistent and powerful even if we must furnish the buyers with something to use for money. Obviously this situation will lead us in the future, as it has in the past, into some unusual highways and byways of economic so-called reasoning.

Civilian Supplies. Hopes that civilian goods will be more plentiful the nearer we come to final victory have little foundation. Furnishing occupied areas with supplies is an integral part of our war strategy and there will be more and more territory needing this help. Until the war is really over, civilian needs have not a chance in the world in competition with the military because of the universal desire to finish the war as soon as possible.

